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# South and East Asia Report

No. 934



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23 October 1980

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# INCREASE IN SOVIET AIR ACTIVITY IN SOUTHEAST ASIA

Kuala Lumpur NEW STRAITS TIMES in English 5 Sep 80 p 10

[Article by D.W. Brackett]

[Text] **HONG KONG: —** The Soviet Union's access to former U.S. Military bases in Vietnam has produced a dramatic increase in Soviet air activity throughout Southeast Asia, according to intelligence sources.

The sources say that Vietnam's decision to grant Moscow virtually unhampered use of military facilities at Cam Ranh Bay has resulted in:

- a doubling in the size of the Soviet TU-95 "Bear" heavy reconnaissance bomber force operating from Vietnam.

- increasingly frequent violations of Japanese, Philippine, and Hong Kong airspace, forcing the scrambling of Japanese, American, and Philippine interceptors.

- the establishment of an "air bridge" from the important Soviet military base at Vladivostok and Hanoi, ferrying high priority cargo to the Vietnamese.

The increase in Soviet air activity, combined with an expanded naval presence in Southeast Asia as evidenced by the presence of the Soviet aircraft carrier *Minak*, has altered long-held as-

sumptions on the balance of military power in the region, Asian intelligence officials said.

"The Soviet position just couldn't be better," one diplomatic source said. "In one move (winning access to the U.S. bases), they have established a military capability on China's southern borders, they've served notice to Asean that the South China Sea is no longer an American lake, and they've advanced their own ability to put power in the Indian Ocean.

"They've done all this and there's been hardly a word of protest from anyone," he said.

Intelligence sources say four of the giant, long range TU-95s are now operating from Vietnam, probably Cam Ranh Bay, rather than the two seen previously.

## Bear

When the "Bear" reconnaissance flights began to South-east Asia in 1979, only two of the aircraft were sent to Vietnam at a time. They remained for as long as a week and then returned to Vladivostok, the sources said.

But now the four TU-95s operating from Vietnam have enhanced Moscow's reconnaissance capabilities against non-communist South-east Asia and China's sensitive southern flank, they said.

The two latest arrivals in Vietnam were a more sophisticated model of the TU-95, the "F", which is designed for anti-submarine warfare. It is the first time these aircraft have been seen in South-east Asia. Their presence may be related to the Soviet aircraft carrier *Minak*, an anti-submarine warfare ship now headed to the South China Sea and Indian Ocean.

The presence of anti-submarine aircraft at Cam Ranh Bay lends new credibility to earlier reports that the U.S.-built facility is now a major Russian submarine base. Some analysts suspect, for example, that the Soviet Echo nuclear submarine that was disabled near Okinawa as it spied on U.S.-Japanese naval exercise was operating from Cam Ranh Bay rather than Vladivostok.

The stepped up traffic between Vietnam and

Vladivostok has resulted in repeated violations of Japanese, Philippines and Hong Kong airspace.

Angry Filipino officials charge that Soviet planes, mostly Bears, have violated their air space at least six times so far this year. In April, American F-15 and Philippine F-5 jet fighters intercepted the Bears and escorted them out of Philippine air space.

## Protest

Two protests lodged with the Soviet embassy in Manila were rejected by Moscow's diplomats, adding fuel to Philippine indignation.

"These repeated flights by Soviet aircraft without prior clearance must stop," Philippine Deputy Foreign Minister, Joe D. Ingles said recently.

Ingles also said the overflights "constitute a hazard...to international aviation safety," a point not lost on concerned air transport officials in Hong Kong who prefer a lower profile when discussing the intrusive Bears.

A key reason for their

reticence is the "Amber One" flight route that goes from Hong Kong to Bangkok and cuts across sensitive air space controlled by China, Vietnam, Laos and Thailand.

In October, China declared four danger zones between Hainan Island and the Paracel Island and banned civil flights over them. One of the zones was in the "Amber One" civil airline path and the route was shut down.

After delicate negotiations between all the concerned parties, the route was re-opened August seven for a three-month trial.

While admitting aerial dogfights between Russian and Chinese aircraft would hardly be a boon for regional air travel, Hong Kong aviation sources repeatedly stressed the Russian Bear flights appear to be purposely avoiding in-

ternational air routes and "especially Amber One."

"During February and April, Hong Kong radar detected several pairs of aircraft flying Southeast in what appeared to be a military formation," the sources said.

"The aircraft - always in pairs - came from the northeast cutting into Philippine air space off northern Luzon Island and headed southeast, cutting across the southern tip of the Hong Kong air control zone," the sources added.

## Hong Kong

Such radar sightings are listed as "unknowns" but the military formation and direction of travel strongly suggested the aircraft were Soviet Bears enroute to Vietnam.

Hong Kong's radar detections jibe with other

reports of Bear flights during that period. Asian intelligence sources recently told UPI that at least six twin-ship formations of TU-95s flew from Vladivostok to Vietnam between January 27 and July 30.

Flights by IL-62 jet transports also increased significantly since early this year suggesting the Soviets have established a regular shuttle service between Vladivostok and Hanoi. Sources indicated the jet transports are used to ferry advisors and high priority cargo to Hanoi.

Between March and July, sources said, at least 15 flights were made to Hanoi by the IL-62s. A total of 16 return flights were noted suggesting some IL-62s are using other routes to reach Vietnam, probably across India and Thailand.

ASEAN SELF-RELIANCE NEEDED IN FACE OF SOVIET BUILDUP

Kuala Lumpur NEW STRAITS TIMES in English 5 Sep 80 p 10

[Editorial: "Resilience"]

[Text]

As a result of its unprecedented military buildup, the Russian bear may soon become the strongest military power in the Far East. Questionable? Let us look at the facts. Together with 2,000 warplanes, it has installed the latest SS-20 multiple-warhead nuclear missiles in the Far East where it has also stationed a formidable naval force. The Soviet Union's Pacific fleet has a nominal strength of 75 submarines in addition to some eight missile cruisers and 16 missile destroyers and frigates. Apart from three quarters of a million troops on the border with China, there are about 10,000 armed men on the disputed islands in the Southern Kuriles. Nearer Malaysia, the Russians have recently been reported to be very active at the former US naval and air bases in Vietnam. An "air bridge" has been established between Hanoi and Vladivostok, and TU-95 reconnaissance aircraft have been operating from Vietnam. The Russians have reportedly developed a major submarine base at Cam Ranh Bay. Their nuclear powered attack submarines and heavy bombers are technically within striking distance of the Straits of Malacca.

For many in Asean, the most portentous and worrying aspect is the reported aggregation of forces in Indochina and the South China Sea. Why has the Soviet Union built up its military might to such an extent? What are its tactical and strategic objectives in Southeast Asia and the Far East? If anything, the American experience in Vietnam has shown the limits of military power. On the other hand, the invasion of Afghanistan has shown a superpower's capacity to respond with overwhelming force to a vulnerable target. To what extent will the bear flex its muscles in this part of the world? That will depend on its perceptions of challenges and opportunities in the geopolitical field. In the unpredictable circumstances, the Asean states have no viable alternative but to develop self-reliance and resilience individually and collectively.

CSO: 4220

TRADE MINISTRY NOTIFICATIONS PUBLISHED

Paddy Prices

Rangoon THE WORKING PEOPLE'S DAILY in English 1 Oct 80 p 8

[Text]

**RANGOON, 30 Sept**—The Ministry of Trade today issued Notification No 580 prescribing the purchase prices of various kinds of paddy for the 1980-81 crop.

The prices are for purchases to be made solely by the Agricultural and Farm Produce Trade Corporation at the buying centres opened at milling and storing centres.

If the paddy has to be bought at a special *kaun* buying centre or mobile buying centre, charge for transportation of the paddy to the milling and storing centres will be deducted from the purchase prices.

**Schedule of prices**

The schedule of prices of paddy for 100 45-pound baskets:

**Ngasein:** K 900 for ordinary, K 990 for Grade

II, and K 1,060 for Grade I.

**Meedone:** K 940 for ordinary, K 1,000 for Grade II, and K 1,060 for Grade I.

**Emata:** K 955 for ordinary, K 1,050 for Grade II, and K 1,125 for Grade I.

**Emata(special):** K 1,035 for ordinary, K 1,140 for Grade II, and K 1,220 for Grade I.

**Ngakywe:** K 1,090 for ordinary, K 1,200 for Grade II, and K 1,300 for Grade I.

**Kaukhnyin:** K 900 for ordinary, K 990 for Grade II, and K 1,060 for Grade I.

The prices are valid from 1 October 1980 till they are revised.—NAB

## Buying, Selling Paddy

Rangoon THE WORKING PEOPLE'S DAILY in English 1 Oct 80 pp 3, 5

[Text]

**RANGOON, 30 Sept--**The Ministry of Trade today issued Notification No 6 80 prescribing rules and regulations to be observed in buying and selling of the paddy produced by farmers in 1980-81.

The notification states that the State will be the sole buyer of 1980-81 paddy produced by cultivators in 171 of the townships, and that the cultivators in those townships must sell their paddy only to the Agricultural and Farm Produce Trade Corporation.

It further points out that the Township People's Council executive committees concerned are, in accordance with the Notification No 4 78 of the Ministry of Agriculture and Forestry, to prescribe the

number of baskets of paddy to be sold to the State by each farmer and that the cultivators are to sell the prescribed number of baskets to the Agricultural and Farm Produce Trade Corporation at the prices fixed on 30 April 1981 at the latest.

After they have sold the prescribed amounts of paddy to the State, the cultivators may mill their own surplus paddy and sell rice direct to consumers only within their own State or Division according to directives laid down

by State Division People's Council, in Kachin State; Sagaing Division, Mon State and Arakan State and in their own townships according to directives issued from time to time by the Agricultural and Farm Produce Trade Corporation in the other States and Divisions.

Failure to observe any of the rules and regulations of this notification or of orders issued under this notification will be acted upon to the extent of withdrawing the right to till the land. -NIB

## Sale of Paddy

Rangoon THE WORKING PEOPLE'S DAILY in English 1 Oct 80 pp 3, 5

[Text]

**RANGOON, 30 Sept --** The Trade Ministry today issued Notification No 7 80 regarding the sale of paddy produced by cultivators in 1980-81 as directed by the State Division People's Council executive committees.



The notification states that in townships other than those in which the Agricultural and Farm Produce Trade Corporation is to sell paddy in accordance with Notification No. 64 of the Ministry of Trade, State Division, People's Council executive committees may issue modifications affecting townships which are to sell paddy as directed by the respective State Division People's Council executive committees.

In such townships, the amount of paddy prescribed by the township People's Council executive committee as to sell by each farmer is to be marketed as it is

or after being milled into rice, as directed by State Division People's Council executive committees.

The farmer who has surplus paddy after selling the prescribed amount to the State, is to abide by directive of the State Division People's Council executive committee in milling the surplus into rice and marketing the rice and rice products directly to consumers within his own State or Division.

Failure to observe any of the rules and regulations of this notification or of orders issued under this notification will be acted upon to the extent of withdrawing the right to till the land.—NAB

# NAXALITES HAVE IDEOLOGY OF ANNIHILATION, CLASS WAR

Kuala Lumpur BUSINESS TIMES in English 2 Sep 80 p 6

[Article by Rangaswami Parthasarathy in Madras]

[Text]

A BOMB ripped open a police car carrying five wanted extremists and five policemen on the outskirts of Tirupattur, a town in the south Indian state of Tamil Nadu, one morning last month.

Three policemen and three of the extremists were killed.

Police identified the man who pulled the orange-sized bomb from his underclothes only as Sivalingham, one of the two extremists who survived the blast and escaped.

He and the others had been rounded up in a raid on extremist hideouts in the Yelagiri hills of North Arcot district and were being taken to a police station.

North Arcot and neighbouring Dharmapuri, the most backward districts in Tamil Nadu, are a fertile ground for Naxalites.

The Naxalite movement was born in a peasant uprising in Naxalbari village in West Bengal state in 1967. The rebels were crushed, but not the extremists supporting them. They named themselves Naxalites and although divided, remain active in a few parts of eastern and southern India.

A special police force of 300 is not combing the two Tamil Nadu districts where 11 murders blamed on the Naxalites have so far been committed this year in addition to armed attacks, robberies and demands for ransom.

All those murdered were landlords or money-lenders who were alleged to have exploited an illiterate rural population, virtually treating indebted villagers like bonded labour.

Police find it difficult to get any cooperation from the villagers in their drive against the Naxalites.

"While a negligible percentage of people in villages sympathise with the extremists, the vast majority remain silent, overawed by the terrorism unleashed by the extremists," said the newspaper *The Hindu*.

Villagers say the extremists have contact men everywhere to carry messages and food to their hideouts in the hills.

Police say there are not more than about 30 hardcore extremists in the area although they have about 100 young men on their wanted list.

The Naxalites recruit teenagers among the landless and unemployed, specially Harijans (untouchables), and conduct indoctrination camps.

From all available evidence, their only ideology is that of annihilation and class war.

Police say they have recovered literature calling upon the people to kill policemen and branding them as stooges of landlords.

The man officially described as the brain behind the Naxalite movement in North Arcot is known only as Sivalingham, the man who set off the car bomb. He has a reward of 10,000 rupees (US\$1,250) on his head.

A former diesel locomotive driver in his early 30s, he is said to be a widower with four children.

*The Hindu*, which investigated the murder of a landlord at Radirampatti village on Aug. 3, said extremists chose their victims on the basis of complaints from local people.

Wealth was not the criteria. The decisive factors were "social atrocities" committed by landlords or "collusion" with police.

P.V. Bakthavatchalam, a Tirupattur lawyer who has represented extremists in many cases and is now under arrest, facing charges of sedition and sheltering wanted men, says not all Naxalites are violent.

He classifies the Naxalites in two groups — those who believe in killing and those who do not.

He told journalists before his arrest earlier last month that the Naxalite movement was spreading to more frustrated and unemployed young men.

Mr Bakthavatchalam also said police were partly responsible for driving young men into the arms of the extremists.

He alleged that about 500 young men from nearby villages were picked up by police and beaten after the bomb explosion at Tirupattur on Aug. 4.

Local authorities are launching housing and welfare programmes in the area to wean away landless Harijans and unemployed youths from the extremists.

The food-for-work programme has been intensified and efforts are being made to start small-scale industries with the help of nationalised banks to provide employment. — Reuter

# U.S. FIRM ORDERS AIRCRAFT FROM PT NURTANTO

Jakarta HARIAN UMUM AB in Indonesian 29 Jul 80 pp 1, 8

[Excerpt] Federal Express, the largest air freight service company in the U.S., which has a fleet of 60 airplanes, has decided to purchase 50 "Cassa CN-235" now in production by PT Nurtanto in the year 1983.

This decision was made known by Frederick W. Smith, a top executive of Federal Express, to Minister of Research and Technology Dr B.J. Habibie, concurrently general director of PT Nurtanto, when they met at Memphis, Tennessee, last Saturday.

Minister Habibie visited Memphis at the invitation of Federal Express after completing a 19-day tour of huge and modern industrial centers in various American cities, including Philadelphia, Boston, Stamford and Chattanooga, starting last 12 July.

During the tour, Habibie held talks and exchanged views with industrial leaders and government officials.

In Washington, D.C., he met with high-ranking government officials to discuss the implementation of Indonesia-U.S. cooperation, particularly in the field of research and technology.

In their hour-long meeting at the head office of Federal Express in Memphis, Frederick W. Smith presented Minister Habibie his company's plan to purchase "Cassa CN-235" aircraft in order to augment the fleet.

Smith stated that he chose CN-235 planes because this type of aircraft, which are being planned by PT Nurtanto, is appraised the best and most suitable for short-distance flights, as compared with similar types produced by other nations.

Smith continued that the aircraft, designed to accommodate 33 passengers, are also suitable for transporting air cargo, especially for the containerization system. Technically speaking, CN-235's design of a simple air pressure system, is best for short runs, compared with airplanes produced by aircraft corporations in other countries.

After hearing Smith's clarification on flight conditions and a maximum cargo load of 8,000 pounds, Minister Habibi confirmed that he could fulfill Federal Express's requirements.

Smith said that his company would need the aircraft as soon as possible, but Habibi said he could deliver the goods in 3 years, because the decision to produce the aircraft will not be made before December.

During his meeting with Federal Express, Minister Habibi was accompanied by Sarason Pimpongero, director of the Board of Study and Application of Technology.

9/8/80

CSB:c ktl

## MILITARY UNITS TO HELP POLICE FIGHT CRIME WAVE

Rangoon THE WORKING PEOPLE'S DAILY in English 13 Sep 50 p 2

[Text]

DJAKARTA, 11 Sept—The Indonesian Armed Forces have decided to launch a crime-busting operation under Military Command called "Operasi Sapu Jagad" (Earth Sweeping Operation), Kopkamtib (National Security Agency) Commander Admiral Sudomo announced here today.

The decision was taken at a meeting here today of military commanders from Sumatra and Java and the inter-provincial commanders of the First and Second Defence Region, led by Sudomo, who is also Deputy Commander of the Armed Forces.

Lieutenant-General Wijono Suyono, Commander of the Second Defence

Region based in Jogjakarta, Central Java, will be in command of the anti-crime operation, with the Commander of the First Defence Region, Lieutenant-General Wiyono Suyono, as his deputy.

The operation, which in the first stage will concentrate its anti-crime campaign in South Sumatra, West Java and the capital city, follows an upsurge in criminality and banditry particularly in Sumatra and Java, sometimes officially held to be linked to underground Communist activity.

The crime wave has reached a stage where the national police alone are believed to be not equal to the task of fighting it effectively.—NAB/AFP

CSO 4211

# SOLDIERS TO WORK WITH VILLAGES

Jakarta MERDEKA In Indonesian 18 Jul 80 p 1

[Excerpts] After the Muslim feast of Lebaran, which marked the end of the fasting period, soldiers of the Armed Forces carrying hoes, crowbars and spades will descend upon the countryside to join the villagers in building small irrigation channels and dikes, said Minister of Defense and Security General Jusuf when he inspected the Army's Department of Materiel in Jakarta today.

The soldiers will also help to reclaim 460,000 hectares of land as planned by the Department of Public Works, he said.

Jusuf explained that the soldiers' assignment to work in rural areas not only serves to firm up the collaboration between the armed forces and the people, but also to lay down the traits and foundations of mutual-help which has become the identity of Indonesian state and people.

Minister Jusuf was gratified that consolidation efforts, including the steady exercises of 60 battalions of army soldiers, carried out during the 1978-79 period brought good results.

This year 950 combat jeeps will be distributed among battalions, while trucks for various fighting units have been improved.

He continued that army equipment which have been replaced are not discarded but repaired and used by national reserve troops. Nothing is wasted.

Jusuf stated that fitness exercises held since 1978 have been most useful, enabling us to be on guard all the time and avert or tackle contingencies.

"We are prepared in whatever situation to do the primary duties of the Armed Forces in safeguarding and defending the nation's honor, unity and sovereignty," said Jusuf.

The general said that the Armed Forces are planning to hold large-scale joint operational exercises in East Indonesia, which will involve 50 army battalions.

These military exercises will take place around the end of February, 1981, and it will be larger in scale than the one recently held in the Riau region.

Thanks to our past experience, these exercises will be better, and imaginary opposing forces will be provided in the East Indonesia operation.

The territory to be used will cover Defense Territorial Commands II, III and IV. The National Strategic Command will be asked to cooperate in the exercises.

9300

CSO: 4213

## WINNING THE HEARTS AND MINDS OF THE VILLAGERS

Kuala Lumpur BUSINESS TIMES in English 3 Sep 80 p 19

[Article by Kenneth L. Whiting in Jakarta]

[Text]

THE army has been assigned to help recapture the hearts and minds of Indonesian villagers.

Operation Masuk Desa (Enter the Village) began August 20, four days after President Suharto stressed that his soldiers have more than a military role to play.

In reforming the political life, we must also see the role of the armed forces as a social force, primarily as a stabilizer and dynamist in the political life and in the implementation of development. Suharto said in an Independence Day speech.

Western diplomats and some Indonesian observers suggest the campaign is designed to generate popular support for the 14-year-old Suharto administration in advance of elections scheduled for 1982. But military spokesmen reject this insinuation.

"It's not true. There is no political motive at all as the soldiers are purely to help the people in the villages in carrying out development projects, such as building dams, irrigation and roads."

one said.

The restoration of village buildings and clearing of about 40,000 hectares for rice cultivation are among the tasks assigned to the soldiers. Other details, including the number of troops involved and the duration of Masuk Desa, have not been announced.

One newspaper reported several battalions of the Siliwangi Division in West Java and the Brawijaya Division of East Java had moved into rural communities by late August with shovels, hoes and construction equipment.

Another quoted the chief of the fifth military command covering Greater Jakarta as saying 60 per cent of the programme involved concrete works, 20 per cent was in youth affairs, 10 per cent village security and 10 per cent in the form of exchanging views and experiences.

Soldiers were also being detached from regular duties for two-week stints in the villages of Sumatra, Sulawesi and Irian Jaya (West New Guinea), sources said.

Some observers say the campaign is reminiscent of American efforts to gain grassroots support for the Saigon government during the Vietnam War, a programme often described as winning the hearts and minds of the people.

Aside from the fact there is no fighting here, it differs in that Indonesians are dealing with other Indonesians and Masuk Desa was carried out before in the early 1960s. That campaign was designed largely to counter growing influence among rural people by the now-outlawed Communist Party.

The armed forces, known by the Indonesian acronym Abri, are the mainpring of the power structure. President Suharto is a retired general and his regime is supported by the military.

The military role in civilian affairs was formally written into the broad guidelines of state policy adopted two years ago. The policy of having officers tackle social-political-economic jobs as

well as their military tasks is known as Dwi Fungsi or Dual Function.

Abri evolved from scattered units formed to fight the Dutch in the 1945-49 war of independence. Peasants, students, revolutionary politicians and a handful of soldiers trained by the Japanese during the occupation or by the Dutch before World War II united in the name of patriotism.

The armed forces belong to the nation and the whole of the people of Indonesia. As a social force, the armed forces sit as low and stand as high as the other social-political forces, Suharto said in his speech.

However, diplomats said Masuk Desa was put in motion after the high command realized many Indonesians perceived Abri, especially some remarkably wealthy generals, as standing quite a bit higher than anybody else.

One said the bulk of the population lived in rural areas which almost without exception have become poorer than the cities since independence. — AP



## SERIOUS MEDICAL PROBLEMS IN EAST TIMOR

Kuala Lumpur BUSINESS TIMES in English 3 Sep 80 p 6

[Article by Colin Bickler in Jakarta]

[Text]

**HUNGER** in the rugged former Portuguese territory of East Timor is now largely under control but medical care for its 600,000 people and the provision of long-range development plans still pose problems, according to relief workers there.

They and various diplomats who keep a close watch on the situation say there has been remarkable improvement in the past year since the extent of the hunger became widely known following civil unrest that left an estimated 100,000 dead.

A year ago, a Catholic Relief Service (CRS) spokesman said he had encountered some of the worst malnutrition he had ever seen when he went in to assist the rehabilitation effort.

Last month another CRS spokesman, programme director Carter Smith, said: "The food situation is now largely stable."

But he added that medical problems remained serious in the remote, 14,000 square km (5,400 sq mile) province, which was incorporated into Indonesia in 1976 following the departure of the Portuguese and a civil war.

"Perhaps 80 per cent of the population suffers from malaria and upper

and lower respiratory diseases and there are still not enough doctors and nurses to cope," he said.

Diplomats confirmed his view. But they were quick to add that similar statements could be made about other remote, under-developed areas of Indonesia, a country of 150 million people spread over 13,000 islands.

Independent assessments of the situation are not easy. Journalists are allowed in from time to time but special permission is needed. However, more and more diplomats have been to the region and foreign relief teams are operating there.

Large quantities of food and medical supplies have come in from Australia, Western Europe, Japan and the United States among others. Earlier last month, 1,300 tons of Australian corn and 110 tons of high protein biscuits were landed.

The Catholic Relief Service sent in a further 5,300 tons of corn last month.

Mr Smith of the CRS said his organisation's programme managed to distribute food and seeds and other goods to some 240,000 people in the past year.

D r S a r e n t o

Martoyudo, who is running the Indonesian Red Cross programme with help from the International Red Cross, says it has reached a further 75,000 people — many of them in areas accessible only by helicopter, pack animals or human porters.

Both organisations say this means that almost all those suffering from hunger and malnutrition have now been reached.

As the Portuguese moved out of East Timor in 1975 a brief but bloody civil war erupted between Fretilin, which wanted independence for the area, and a coalition of other parties which favoured integration with Indonesia.

The worst of the fighting ended in December of that year when the integrationists, backed by Indonesian troops, inflicted heavy losses on Fretilin whose remaining forces then retreated into the jungle-clad interior.

Diplomats who have checked the situation say security no longer seems a major concern. Last June there was a small guerrilla attack near the provincial capital of Dili in which four Indonesian soldiers were killed.

But the significance of that incident seemed to be mainly that it was an

isolated one in recent months, they claimed.

"Fretilin no longer seems to command much overt support and at best is reduced to a few small bands. It's nothing the Indonesians cannot cope with and the majority of the population of tribal people and mixed blood seem indifferent," a well-informed senior diplomat said.

Reports of government abuses have also largely died away, the diplomat said.

Indonesian strategy appeared to be to win over the tribal leaders in expectation that their people would follow. Language lessons in Bahasa Indonesia were being increased to help the process.

Language does provide a problem however, according to Mr Smith. He believes that in spreading medical aid, not enough nurses speaking local languages. Some tension and suspicion is created when nurses are brought in from outside.

At the same time, he is trying to bring in more Indonesian doctors since this remains a priority whatever language they speak.

The Indonesian Red Cross said the territory now has 34 doctors compared, it says, with only

22 under the Portuguese administration. Given the size of the problem, this might not be enough, even if it is proportionately more than in some more heavily-populated parts of Indonesia.

Another cause of concern for some diplomats and relief workers is that the mandate for international agencies to provide food formally expires after October.

They fear a sudden stop to the help could disrupt the programme. The Catholic Relief Service said it was already discussing this with the Indonesian government.

But Indonesian Red Cross representative Dr Martoyudo said he did not think the fear was justified. He said that he was sure the government and his organisation would be able to continue proper relief arrangements.

Both diplomats and some relief workers said the main problem remained to ensure that hunger did not return to the region and that medical and other facilities would develop.

One factor in the improving situation was that harvests this year had been good. The local population was return-

ing to planting on abandoned or damaged fields.

But they were short of livestock, some of which has been eaten or killed in the earlier unrest.

Earlier this year, the Indonesian government declared East Timor a resettlement province. The belief is that effective development requires more people and the government is keen to find new homes for the surplus population of crowded Java.

How the local population will feel about this remains an open question. It might be used as a debating point by spokesmen of the independence movement now lobbying among other Third World countries and at the United Nations.

Apart from an announcement in January through the semi-official news agency Antara, no details of either a long-range development programme or a resettlement programme have been published although relatively large sums have been allocated to help improve the situation. — Reuter

## LATEST CHAPTER IN PERTAMINA SCANDAL

Kuala Lumpur BUSINESS TIMES in English 15 Sep 80 p 6

[Article by Kenneth L. Whiting in Jakarta]

[Text]

HAJI Achamd Thahir earned US\$9,000 a year as the Number Two man in Indonesia's government oil monopoly, Pertamina. When he died in 1976, his estate included the equivalent of US\$35 million squirreled away in a Singapore bank.

The fight between Haji Thahir's family and the government over the money is the latest and perhaps most sensational chapter in the five-year run of the Pertamina scandal.

In July, Thahir's widow filed documents in court claiming that President Suharto, his wife and several other high-placed officials were receiving kickbacks. She accused President Suharto of taking commissions on arms purchases from Germany and Israel — a particularly explosive charge in predominantly Muslim Indonesia.

President Suharto has denied the allegations.

To the discomfort of Indonesia's leaders, the Pertamina scandal refuses to die, although new management and record

world oil prices have helped the company make a strong comeback.

### Fieldom

The scandal involved US\$10.5 billion in debts, the credit of the world's fifth most populous nation, fleets of oil tankers and an Indonesian restaurant in New York.

The legal battle over Haji Thahir's hoard could last until the middle of next year.

In May, a report to Parliament on behalf of President Suharto contended that Pertamina's problems stemmed from a managerial weakness, not from corruption or official abuse.

Lieut. Gen. H. Ibnu Sutowo, 65, the company's flamboyant former chief executive, was chided in the report for making deals without the knowledge of the government, but also praised for building Pertamina up from nothing.

In an age of strict accountability and management by committee, Pertamina — an Indonesian acronym for the state company, national

oil and natural gas mining — was a freewheeling fiefdom.

Sutowo, a physician turned army general turned oil executive, answered only to the President.

Pertamina's performance seemed so impressive that President Suharto called on it to tackle development projects having little to do with oil. A steel mill, a unique floating fertiliser factory and an 8,000-hectare (20,000-acre) rice farm came under Pertamina's wing. Pertamina was involved in real estate, aviation, insurance, shipping, construction and tourism.

Cash flow problems emerged in mid-1974 and, with President Suharto's permission, Pertamina began holding back funds due the government.

The crunch came early in 1975 when the company was a few weeks late in repaying loans to two banks. The central bank had to step in to guarantee the debts until fresh financing was arranged.

Financial aftershocks, backstage politics, blighted careers and reorganisation of the vast firm and its 28 subsidiaries ensued.

Sutowo was sacked in March 1976 at about the time lawyers in three countries were starting to untangle deals involving the purchase of 23 oil tankers and two storage

barges. He had contracted to buy them from shipowners in the United States, Britain and Norway for US\$2.7 billion just before Pertamina's troubles became public.

In a sworn affidavit submitted to a New York court in late 1976, Sutowo said he signed 1,600 promissory notes with a face value of more than US\$1 billion as part of the tanker deal.

## Contacts

Sutowo's backing for the Ramayana Restaurant in New York was also disclosed at that time. It was designed for the entertainment of business contacts in an Indonesian setting.

The death four years ago of Haji Thahir, Sutowo's closest aide, opened the latest chapter. Most of the details come from Singapore court records, but the complex legal tussle received no publicity until the *Asian Wall Street Journal* broke the story in February.

Haji Thahir earned the equivalent of US\$9,000 a year at Pertamina, yet he died with the equivalent of US\$35 million deposited at a Singapore branch of Japan's Sumitomo Bank.

His widow, Mrs Karthika Ratna Thahir, sued in 1977 to make the bank give her the money. Mr Ibrahim and Mr Abubakar Thahir, two of Haji Thahir's three sons

by his first wife, filed their own claim as executors of the estate.

Lawyers for Pertamina insist the money belongs to the company as it almost certainly was obtained corruptly.

Almost all the US\$35 million is in Deutschmarks. A separate statement submitted to Singapore High Court by the Indonesian government asserted that two West German firms paid Haji Thahir in 1973 and 1974 in connection with contracts involving the Krakatau steel mill, a Pertamina project.

In July, Mrs Thahir filed documents alleging that some kickbacks involved President Suharto, his wife, one of the country's leading army generals and several Pertamina executives.

Her most provocative charge was that President Suharto received commissions on arms purchases from Germany and Israel. Jakarta has no relations with Israel and linking President Suharto's name to that country is potentially explosive in predominantly Muslim Indonesia.

President Suharto issued a statement through Attorney General Ali said denying her allegations.

Mrs Thahir, who is believed to be in Europe, was also invited back home to face charges of slandering the President.

— AP

# HALTING OF RICE IMPORTS DEPENDS ON 1981 PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 11 Sep 80 p 18

[Text]

THE INDONESIAN government has again announced plans to stop importing rice next year if this year's production, estimated at some 20 million tons, can be maintained in 1981.

"I hope it will not be another catastrophe as in 1972 when a plan for an import halt turned into an acute rice shortage with people queueing to get rice rations," one rice trader commented.

Head of the State Logistics Board, Bustanil Ariffin, told newsmen after talks with President Suharto yesterday that the government planned to stop rice imports next year if rice production in 1981 were equal to this year's.

President Suharto announced last month that rice production this year would increase dramatically up to 20 million tons (some 10 per cent rise)

due to good harvests in rice producing regions.

With this output, the state would have a strong national stock of some 2.5 million tons of husked rice, he said.

However, Mr Ariffin appeared not to be so confident that the planned import halt would materialise next year.

"It depends on many factors whether or not the government can stop importing rice next year," he said.

He quoted President Suharto warning of possible increases in domestic consumption.

With some 145 million people, Indonesia imported one million tons of rice last year to meet a rice shortage.

Last year's production was around 18 million tons exceeding domestic consumption of 17.5 million tons.

Despite the half-a-mil-

lion ton surplus the government continued to import rice, in order to build up an adequate stock to cover any rice shortage in remote places.

Rice consumption increase for the past decade was 14 million tons while the production rise during the same period was only 6.2 million tons.

The government has been successful in raising rice production due to the increased use of fertiliser, better quality of rice and the fast expansion of rice fields.

Rice, Indonesia's staple food, has become so vital that President Suharto has attached great importance to maintaining a sufficient national stock of rice.

Any price increase could easily bring about political repercussions such as anti-government demonstrations and student petitions.

JAKARTA, Sept. 10

President Suharto, realising this grave danger, has stated adequate rice stocks and stable prices.

The government has adopted a moderate policy on rice so that prices should not be too high, because they could harm the consumers, or too low as farmers would earn less.

Several Indonesian rice experts predicted that the nation would need some 60 million tons of rice in the year 2000.

The people should be encouraged to eat other food like corn, so that rice consumption would not increase too dramatically, they said.

The basic steps the government should take in the face of the growing need for rice are the expansion of rice fields and the use of better rice seeds, they added —  
AFP

CSQ: 4220

# SPECIAL PORT TO BE BUILT FOR MANGANESE EXPORTS

Rangoon THE WORKING PEOPLE'S DAILY in English 12 Aug 80 p 4

[Text]

MATARAM, 11 July—

The Indonesian Government has decided to build a special seaport to serve manganese exports at the Wawordabay, some 35 kilometres west of Bima, west Nusatenggara, this year, according to a spokesman of the Bima Administration here. The port is estimated to cost two billion rupiahs.

The spokesman, Siddik Ibrahim Tayib, said the project would include the building of a 15-kilometre road to link the port and the manganese mining site at Pela Simpasat.

The project is expected to be completed by 1981 and will employ more than 10,000 workers, he said.

The deposit to be exploited by Aneka Tambang (multifarious mines state company) is found in a 4,000-hectare of land and is exploitable for 40 years, according to the spokesman.

He said some 15,000 tonnes of manganese are now ready for export to Japan, South Korea and Taiwan.—NAB Antara

## NEW DREDGES, OFFSHORE DEPOSITS TO BOOST TIN INDUSTRY

Kuala Lumpur BUSINESS TIMES (in English) 1 Sep 80 p 6

{Text}

INDONESIA'S economic planners can often be justly accused of indulging in a certain amount of wishful thinking when it comes to making official predictions of production. Even more unreal, one might expect, are the targets for the final year of Repelita III — the country's third five-year economic plan which ends in 1984.

In the case of tin, however, the Repelita target of 35,000 tonnes a year by March 1984 seems eminently attainable.

Indonesia's earnest belief that this year it will overtake both Bolivia and Thailand to become the world's second largest producer of tin after Malaysia now seems to have slipped from its grasp. An expected decline in Thailand's production to less than 30,000 tonnes predicted at the beginning of the year has not materialised, and it now looks as if Thailand will produce 35,000 tonnes in 1980.

Indonesia's own target this year is regarded by some experts as unduly optimistic. It seems likely that Indonesia will end up with around 33,000 tonnes, some 2,000 tonnes less than officials are hoping for. With political turmoil in the Bolivian tin mines, however, Indonesia's jump to third place seems assured. Bolivia is most unlikely to produce more than 30,000 tonnes this year.

Indonesia's belief that it will produce 35,000 tonnes this year — a figure which would bring it neck and neck with Thailand — is open to some dispute. Mr Sirman Widiatmo, the energetic marketing and finance director of Tambang Timah, Indonesia's state tin corporation, remains confident that he can reach a target which is 2,000 tonnes more than he was predicting earlier in the year. With production having increased at around six per cent a

year over the past five years, some experts, including officials within Tambang Timah itself, argue that the 17 per cent increase needed to reach 35,000 tonnes is not possible. They say that 33,000 tonnes would be a more realistic figure.

Mr Sirman, however, points out that production last year was hit by a number of snags — including a big anti-smuggling operation and severe teething problems on Indonesia's first new offshore dredge for over a decade — all of which he says have now been ironed out. "This is why our 1980 target looks so high," says Mr Sirman.

In spite of the setbacks, soaring tin prices contributed handsomely to Indonesia's hard mineral revenue in 1979, with export earnings climbing nearly 21 per cent from US\$311 million in 1978 to US\$376 million last year.

Tin has historically been Indonesia's primary

mineral export and though now overshadowed by oil it remains an important pillar of the country's economy. With domestic consumption still below the 500-tonne mark foreign currency earnings from tin were more than double the combined export receipts of Indonesia's other metal exports of copper, nickel and bauxite. Overall tin ranks fifth behind oil, forestry products, rubber and coffee among the country's export commodities.

Indonesia's tin mining industry has never returned to the commanding heights it held under the Dutch before World War Two. The Japanese occupation sent production into a precipitous decline of 1,007 tonnes in 1945, and though it recovered somewhat after the war, in the late 1950s and early 1960s, the industry was thrown back into the doldrums as a result of extreme economic mismanagement

by Sukarno, Indonesia's first president.

Since then, however, the new order of President Suharto has seen the industry follow a steady path to revival. From a post-war low of 13,728 tonnes in 1966 the new regime doubled production within a decade, and since 1975 output has averaged more than 28,000 tonnes a year, though never coming anywhere near the record 54,320 tonnes produced in 1981.

Apart from the normal problems of lack of skills and a frighteningly unwieldy bureaucracy, Indonesia's tin industry has in recent years suffered most from an ageing dredging fleet and smuggling on a considerable scale.

There are now signs that both are being seriously tackled. Indonesia's first new offshore dredge for 13 years, the US\$17.3 million Bangka 11, started operations last year. A second, Belitung 1

— costing US\$25 million — is being built on the Indonesian island of Batam while a third — Singkep 1 — should be commissioned this year. With two-thirds of Indonesia's dredging fleet 10 or more years old this new investment has not come a moment too soon.

Meanwhile, last year Admiral Sudomo, Indonesia's Chief of National Security and General Mohammad Jusuf, the country's Defence Minister, launched a joint armed forces operation to stamp out smuggling. Though there are now signs that the problem is creeping back, it has not returned to its former proportions. Various estimates have in the past put tin smuggled to Singapore out of Indonesia at a rate of between 1,000 to 5,000 tonnes a year — at current prices worth somewhere between US\$4.5 million and US\$7.5 million.

With current ore reserves off at least one million tonnes and more as yet undiscovered, Indonesia should have little problem in fulfilling its Repelita III economic plan target of 35,000 tonnes by 1984.

Many would argue that as Indonesia increasingly turns away from traditional onshore areas like Bangka to mining new rich offshore deposits with its big new dredges, 37,000 tonnes a year by 1984 should be well within its reach. — PT



## BRIEFS

**RAMOS HORTA**--The Department of Foreign Affairs has submitted a protest note to the Brazilian Foreign Office in connection with the latter's recent admittance of Ramos Horta, also known as Fretilin, a source in the said department divulged today. As reported by a certain news agency, Ramos Horta went to Brazil to request moral and material support from the Brazilian Government. He also reportedly made an appeal to set up representative offices of Fretilin in various Latin American countries which were once Portuguese colonies. It was reported that he received a high-ranking official of the Brazilian Foreign Office, during which meeting Ramos Horta requested the Brazilian Government to provide money and tractors for East Timor people who are followers of Fretilin and presently living in Mozambique. Moreover, he also asked the Brazilian Government to support Fretilin in international forums. Meanwhile, the Indonesian ambassador to Brazil, Adiyoso Abubakar, is in Jakarta at present for a "secret" mission. He was received by the chief of state at Bina Graha yesterday. Ramos Horta is being wanted by the Indonesian Government. He escaped to Australia, but he was deported by the Australian authorities on the strength of the good relations between the Australian and Indonesian governments. At this moment Ramos Horta is campaigning in ex-Portuguese-colonized Latin American countries in order to make his dream come true. [Text] [Jakarta MERDEKA in Indonesian 18 Jul 80 p 1] 9300

**LACK OF DUE PROCESS**--Mr. T. Mulya Lubis, deputy director of Legal Aid League (LRA), said that the league is very much concerned about the fact that many prisoners in Indonesia are still not given due process of law, including those accused of involvement in the Commando of the Holy War (Komil). He backed up his word by showing a long list of detainees scattered in various Indonesian regions recently. In his opinion, detention without due process of law is a suppression of the most fundamental human rights. Lubis hoped that the government would adopt a fair attitude and accept the fact that apart from the freed Gestapu/PEI political prisoners, there are other detainees who hold the same rights and position before the law. LRA appealed that detainees involved in the so-called Commando of the Holy War be put on trial forthwith, otherwise they should be set free. There is no reason for the government to detain them for more than two years now. Even if the protracted detention was based on the strength of anti-subversion laws,

Presidential Decision No 11 of 1961 stipulated that such detention cannot last more than one year. Lubis said that IAIN is organizing a meeting with the Council of Indonesian Muslim Scholars (MUI) to discuss the problem of detainees and to find a way out for the solution. According to Mulva Lubis, the detainees, scattered all over the country, total 500, including 126 in Aceh, 59 in South Sumatra, 26 in Central Java, 20 in East Java and 10 in South Sulawesi. In connection with this, IAIN has sent a letter to the Special Inspector General of the Command for the Restoration of Security and Order in Various detention sites to inquire about legal provisions for the said detainees. No reply has been received, however. [Text] [Jakarta PELITA in Indonesian 4 Jul 80 p 1] 9000

JAPANESE REPRESENTATIVES IN BATAVIA--Japanese industrialists and businessmen who visited Batam Island in Indonesia returned to Singapore Saturday feeling disappointed about what they had found on the island situated 70 kms south of "Singapore". They expressed the opinion that Indonesia must work harder to develop the island's infrastructure, if it wants to attract foreign investment there. They found that capital investment in the island is the great potential of Indonesia would transform this area measuring 21 x 11 kms into a "second Singapore," a supply center for Southeast Asian oil industry that can offer job opportunities to 40,000 workers. A group of 10 industrialists and entrepreneurs, representing about 20 Japanese corporations in Singapore, flew to Batam Friday to survey Batam's potentials for investment of capital. Toshihatsu Harada, deputy general manager of Japanese Industrial Bank, found that the infrastructure situation on Batam is still primitive and its development "not so rapid." They expressed the opinion that the incentives offered by the Batam Industrial Development Authority is not attractive at the moment, and the pier in the existing harbor can handle vessels of 3,000 dwt capacity. Batam island may become attractive for capital investment 10 to 15 years later. This pessimistic forecast will determine the significance of Jakarta's dream to create an "Indonesian miracle," which is to transform an island that in the 1960's was overgrown with wild grass and mangroves into an industrial, agricultural and recreational complex. [Text] [Jakarta PELITA in Indonesian 8 July 80 p 1] 9000

INDONESIAN OIL LOANS--Pertamina has obtained another loan from Japan amounting to 24,257 billion yen (180 million), besides the Japanese aid of 3160 million already received to finance oil and natural gas exploration in Indonesia. Satyo Asis, chief of the oil and gas division of Pertamina Directorate of Exploration and Production, explained that the 3160 million aid is to be used to explore oil and thermal gas without any prerequisite, while the 24,257 billion yen will be used to develop Pertamina oil fields in Kuala Simpang West Aceh, the Nisi field in South Sumatra and Demara field in the northern part of West Irian. According to Satyo Asis, this aid is being utilized in stages beginning January 1980 through the end of 1981, the interest to be calculated from the time of utilization. For instance, at the first drawing of the aid in January, the interest was 7.2 percent per annum, payable in 6 installments, while the principal will be paid back in 6 installments from the time an oil field begins to have commercial production.

Duration for the loan repayment is 5 years. After it has succeeded in producing oil from the fields financed by this loan, Pertamina is obliged to sell 40 percent of its production to the creditor, in this case INOC (Indonesia Nippon Oil Corporation) at existing international market prices. In this connection, said Sutan Sain, the Gemara field commenced production last May and more than 100,000 barrels have been produced by the end of July. Pertamina oil will probably be purchased by INOC next month. [Text] [Jakarta SINAR HARAPAN in Indonesian 22 Jul 80 p 11] 900

CSO: 4213

KHIEU SAMPHON PLEDGES TO ABANDON COMMUNISM

Paris LE POINT in French 8 Sep 80 pp 60-61

[Article by Charles Fiori: 'The Khmers Rouges: 'Communism is Finished'']

[Text] The era of the murderous Utopia is finished. This is what sustains the head of the Khmer Rouge State, Khieu Samphon, in the underground struggle against the Vietnamese.

The Japanese-made truck, loaded with food and various kinds of material, forges ahead through the dark night. Its destination is a zone under Khmer Rouge control, in Cambodia, at the junction of the frontiers of Laos, Cambodia, and Thailand. It takes us eight hours to get there from Bangkok. Eight haunting hours! There are sheets of rain, flashes of lightning, and the bright headlights of hundreds of trucks going at full speed down to the coastal ports.

Once across the frontier, the truck comes to stop in a small clearing.

"Welcome to Democratic Cambodia", says a man stepping out of the night. "We're going to rest a few minutes before going on to the Khieu Samphon's command post," he adds while offering us a cup of boiling hot tea. His French is excellent. His manners are those of a city dweller.

He introduces himself: "I'm South Somboun. I'm 40 years old, and was an engineer at the Paris Research Institute, ORSTOM. I came back to Cambodia in 1976." Astonishing! "But I had read that all intellectuals coming back from Paris had been killed by the Pol Pot regime", I said to him. The man I was talking with smiled and declared that some 40 of his friends from Paris, engineers like him, today are in leadership positions in the various underground groups.

In a few minutes, the sun will rise. A small escort of soldiers armed with automatic Chinese-made pistols begin to move out. South Somboun and the Democratic Cambodian ambassador to Bangkok, Boun Lerth, are chatting together in the rear. More than 65 countries have maintained diplomatic

relations with the Khmer Rouges, which explains the presence of an ambassador to Thailand, the regional headquarters for the United Nations.

Soon we come out of the jungle onto an uneven plateau. Great streamers of mist swirl through the trees clinging to the slopes of the nearby mountains. Elephant grass that ordinarily grows as high as 6 or 7 feet, is heavy with dew and bends in a long curve. The sounds of thousands of birds and insects soon blend together in strident music. It is Indochina rediscovered. It is the Indochina of peace-time and of setting out for the hunt. It is also the Indochina of war-time and of setting out in the early morning on patrol duty.

This morning, however, it is peace-time! Our soldiers have spotted a swarm of wild bees. The war is forgotten! The hunt for honey is organized, and we continue on our way minus a part of an assigned escort!

Our walk takes us, 2 hours later, to an encampment of some ten straw huts. It is one of the Khmer Rouge military staffs. Hanoi states that this command post is located in Thai territory. The distance measured off on a staff map shows beyond a doubt that we are well inside Cambodia. Scarcely have we arrived then Khieu Samphon, 48 years old and a holder of a diploma in economics from the University of Paris, makes his appearance, literally stepping out of a clump of shrubbery hiding his "command hut." The head of the Khmer Rouge has aged. With greying temples, balding in the front, he is no longer the revolutionary student of the sixties who provoked Sihanouk's anger and lent his name to one of the most murderous revolutions in contemporary history. His use of the French language continues to be excellent, precise and spoken in a soft voice. For a full three hours he exercises his charm to prove that "the era of the murderous Utopia", according to a Cambodian writer, is ended, completely done with.

He does not deny the million deaths blamed on the Pol Pot regime between 1975 and 1979. Some even say there were 3 million deaths. What were the motives behind these deaths? Khieu Samphon then one after the other: "Revolutionary terrorism, the struggle for power between an independent line and a pro-Vietnamese line, a communist dogmatism totally unsuited to Cambodian realities."

Khieu Samphon then asks: "Does that justify an attack upon Cambodia and its colonialization by an army of 200,000 Vietnamese men, and Hanoi's refusal to comply with the United Nation's injunction to withdraw its troops from Cambodia so that free elections under international supervision can be organized?"

"Communism," he continues, "is finished. Freedom of the individual is the only way to bring together all Cambodians in a National Front for the struggle against the Vietnamese Occupation. We have kept open the position of chairman of the Front for Prince Sihanouk, in spite of his refusal to recognize the Khmers Rouges. Ten out of 12 of our ministers received a university education in Paris. We are ready, as far as we are concerned, to make a place for every national Cambodian organization that is capable of bringing together our people in the anti-Vietnamese crusade."

For the moment, the Khmers Rouges give the impression of still being a coherent civilian and military force. The battalion responsible for the protection of Khieu Samphon's command post is made up of men 20 to 30 years old. It is part of the regular army which has a strength, we are told, of 50,000 men. They all appear rugged and well fed. They wear khaki uniforms. The black uniform of the former Khmers Rouges has been definitely discarded, for it used to spread terror during campaigns. Weapons, AK-47 automatic assault rifles, B-40 rocket launchers, and 60mm mortars are new and made in China.

Supplies arrive by ship and are unloaded at night in the small coves on the Gulf of Siam. "In Thailand," Hanoi declares: "In Cambodia", the Khmers Rouges answer back. In Khieu Samphon's command post, a radio unit is in communication by morse code with the men on operations in the area. The radio, like the uniforms and weapons, are made in China. The war is not far away. A series of mortar bursts and B-40's, followed by several rounds fired by automatic weapons are to be heard.

Major Hon, 40 years old, a Khmer Rouge soldier since 1970, and leader of a battalion that is going out, indicates that it is a harassing attack by guerrillas against a Vietnamese post some 6 or 7 miles away. The attack and the counterattack are light. For 20 minutes there is an exchange of fire, then there is nothing.

The Khmers Rouges explain: "We attack only when our superiority is overwhelming. Once we have completed our attack, we quickly withdraw from the area. We are now infiltrating whole regiments divided into combat groups of 10 men behind Vietnamese lines. When the time comes, these groups will come together to form large units to strike the enemy." In answer to the question "How long will Cambodia put up with this war?", Khieu Samphon replied: "We spent 5 years forcing the Americans to leave. To force out the Vietnamese it will take perhaps less time if world opinion understands the nature of our fight. We are fighting for our freedom; also we are fighting against the Russo-Vietnamese thrust to the Indian Ocean, just as the Afghans are fighting against the Soviet thrust towards Near East Arabian oil. Cambodia and Afghanistan is a single battle!"

The "decommunization" of the system has not stopped with the changing of the soldiers' uniforms. Gone are the former Khmer Rouge barrack-villages--small square, wooden cubes, built along a straight line; women on one side, men on the other. Houses built on piles are in the traditional style, although the construction material is poor. Private gardens surrounded by fences extend in front of each straw hut. Produce from these gardens serve as barter: tobacco for wild game, vegetables for medicine. In the past, the bartering of goods had been forbidden. Little children who used to be sent by the Khmer Rouge authority into the rice fields (when they had survived), now are going to school. This is a pretty big word for the sheds made out of planks and straw where no pencils or writing pads are to be found.

People come and go. Some are sleeping the sleep of the just in a hammock slung between the supports of their house. No one changes position when officers pass by. We ask ourselves questions. The warmth of the welcome has made us forget for a moment the executions, the misery, the starvation. These young soldiers, all smiling at one--aren't they the ones who, yesterday, were using shovels and hoes to bash in the skulls of their fellow citizens? Pol Pot was the all-powerful head of Cambodia yesterday; today, he has any government function, although he is still the commander-in-chief of the army. A good source has it that Pol Pot may soon be leaving for a cushy exile so as to contribute to the success of a national reconciliation.

One question remains. Because they were "Red" yesterday, must the Khmers and Cambodia be allowed to disappear forever, colonized by the Vietnamese whose advance guard is already 175 miles from Bangkok?

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(CSO) 4200



## CORRESPONDENT NOTES IMPROVEMENTS INSIDE PRK

Kaduna NEW NIGERIAN in English 9 Sep 80 p 5

[Text]

CAMBODIA still has monsters lurking in the jungle shadows, but the people are gradually emerging from their nightmare into the light of day.

The destruction wrought by Pol Pot is already familiar: schools with bricked up windows converted to torture chambers, the nearby fields seeded with the bones of mass graves, Buddhist temples gutted and laid waste, books burned, tradition trampled under foot, and cities forcibly evacuated and left to rot.

But the residue of Pol Pot's rule is more chilling and sinister than mere physical brutality. What are we to make of the five-foot tall Buddha in the now restored national museum—painted black from head to toe by Pol Pot cadres? It is either a tasteless joke—Buddha garbed in the black pyjamas of the Khmer Rouge—or some arcane excursion into black magic.

Or the straight lines? From the air much of the country resembles a giant chess board, constructed for the diversion of cruel gods. On the ground, driving north-west from the capital along Route Five into the provinces, their impact is numbing. Dykes, irrigation canals and ditches, like an exercise in perspective, run into the distance. Vast, uniformly carved paddy fields unfold interminably, their monotony broken only by an occasional village of stilted wooden houses with red-tiled roofs.

'With rice we have everything,' Pol Pot once remarked, and though agricultural experts in Phnom Penh now say the enterprise was flawed both in conception and design, the obsessional regularity, the vastness of the enterprise, and the cost in human misery are rivalled only by the Angkor Wat and Angkor Thom temple complexes raised at the summit of Khmer power in the twelfth century.

It is perhaps there that one can taste the corruption, cruelty and megalomania to which Pol Pot was heir. In the silence of the encroaching jungle, through the stench of centuries of decay, the enigmatic faces of the tiered stone heads smile across the four corners of Cambodia speaking power, folly and doom.

During two weeks in Cambodia I have not met a single person who has not lost at least one relative during Pol Pot's rule. I have spoken to no one who would welcome back either Khmer Rouge luminaries or the West's favourite, Prince Norodom Sihanouk—'We don't even think about him. He was responsible for too many deaths,' a former chemist told me.

What interests Cambodians is not satisfying the concerns of comfortable politicians in distant capitals,



but peace, and the opportunity and the means to rebuild shattered lives. To build a wall against the past.

So far the achievements have been remarkable. Bill Yates, Oxfam's chief of operations here, offered a summary, beginning with what he considered the most significant—"an enormous progress in the national psychology."

"There's a feeling of freedom, which is not only a release from recent oppression, but the freedom of movement about the country, the freedom to go about their business without overt restraint — the shops, street stalls, markets, restaurants, the freedom of religion, the freedom of leisure and entertainment," he said.

Skilled people who survived have been drawn back to the cities and given employment, showing themselves both eager and able. Agricultural supplies, many to replace Pol Pot's last-minute vandalism, have reached the countryside.

The national currency, the riel, reintroduced last March, is now accepted everywhere and continues to hold its value, the framework of a national administration is being established, the number of Vietnamese advisers is down by more than half on last year; almost every sub-district has a small clinic, and provincial hospitals I visited in Battambang and Kompong Thom, though desperately short of doctors, antibiotic and bandages, were clean and well-run.

The most dramatic progress has been in education. This year 936,683 children went to school, more than at any time since the Sihanouk era. They studied from handwritten, hand-illustrated books, covering language, literature, mathematics, history and biology. Oxfam is currently shipping in 500 Khmer script typewriters to help with further production. Less than 5,000 children are at secondary level, and almost all, including many 15-year-olds, are in the first two years of primary. Three-quarters of their teachers had never taught before.

The main stumbling block to international recognition, and the substantial international assistance required, is the continued presence of Vietnamese troops. The Khmer army and the militia now has a substantial presence in the countryside, and those I spoke to were all volunteers eager "to fight and take revenge on Pol Pot." But they are a long way from the six-to-one advantage needed to combat guerrilla forces operating on familiar, inhospitable terrain.

Eighteen months into the daylight, most Cambodians are

relaxed and cheerful although many still squat in sparsely furnished, vandalised houses in the cities, or in flimsy palm leaf huts in the countryside. Many still go to bed hungry, and malnourished.

Some, like villagers in Kirirom district of Kompong province, near the foothills of the Cardamom mountain range, wonder if the peace and security can be real. "Do you think Pol Pot will come back?" one old farmer asked nervously.

It comes as a shock to them that in the name of 'legitimacy' some two-thirds of the world's governments still support the monsters who inhabit their nightmare.

## BRIEFS

GREETINGS TO GUINEA-BISSAU--Phnom Penh, 22 Sep (SPK)--KPRC and KNUFNS President Heng Samrin on Saturday [20 September] sent a congratulatory message to Luis Cabral, president of the Republic of Guinea-Bissau, on the occasion of his country's Seventh Independence Anniversary. The message said: "Under your clear-sighted leadership and that of the African Party for Independence in Guinea and Cape Verde, the people of Guinea-Bissau have achieved great successes in liquidating the consequences of colonialism, safeguarding independence and building the country, thereby actively contributing to the common struggle for peace, national independence, democracy and socialism. We are convinced that the fraternal people of Guinea-Bissau will certainly record even greater successes in all fields. We sincerely thank the people and government of Guinea-Bissau for their precious support of the Kampuchean people's just struggle to safeguard independence and build a new Kampuchea following the destruction caused by the genocidal Pol Pot-Ieng Sary regime. "It is our wish that the relations of fraternal friendship and militant solidarity between our two peoples will further develop with each passing day." On this occasion, PRK foreign minister Hun Sen also addressed his warm greetings to his counterpart in Guinea-Bissau, Victor Saude Maria. [Text] [BK230402 Phnom Penh SPK in French 1447 GMT 22 Sep 80]

MASS GRAVES IN KOMPONG CHAM--Phnom Penh, 26 Sep (SPK)--Mass graves dug in the times of Pol Pot, Ieng Sary and Khieu Samphan were recently discovered in Skun village, So Tip commune, Cheung Prey District, Kompong Cham Province, 77 km northeast of Phnom Penh. Mr Hul Yoan, 60, a native of Sram village, Sror Mor commune, Cheung Prey District, told an SPK correspondent that from mid-1977 to early 1978, more than 10,000 former residents of Phnom Penh lived and carried out forced labor in Phdao Chum, Sdeung Chey, Prey Char and Tro-peang Kor communes. These people had been driven out of the capital city in 1975, and robbed of all property. Mr Hul Yoan pointed out that during that period these people were exterminated, 100 families at a time, by the Pol Pot butchers. Mr Hul Yoan said: "The Pol Pot men persuaded the victims to go to the execution sites by telling them that they were just moving to new residences," he added that he had never seen such horrible scenes in his life: men, women and children killed with hoes, axes, clubs or cart axes.

A total of 3,000 graves 2 meters long, 1 meter wide and 1 meter deep have been found in Cheung Prey District. The bones and clothes unearthed and eyewitnesses such as Mr Hul Yoan indicate that more than 8,000 persons, mostly old people and children, had been killed in this manner. Mr Hul Yoan appealed to all peace- and justice-loving people in the world to condemn these abominable crimes of the Pol Pot-Ieng Sary--Khieu Samphan clique which, he said, "has no right to represent the Kampuchean people at the United Nations." [Text] [BK280333 Phnom Penh SPK in French 0406 GMT 25 Sep 80]

MASS GRAVES NEAR PHNOM PENH--Phnom Penh, 27 Sep (SPK)--More mass graves were recently discovered near Ro Luos village of Cheung Ek commune, about 10 km southwest of Phnom Penh. A total of 107 mass graves 3 to 7 meters long, 2 to 3 meters wide and 2 to 3 meters deep were found in a plot of wasteland. Mr Ou Sa Im, a 30-year old peasant of Ro Luos village, told an SPK correspondent that the remains found in the first 4 graves indicated that a total of 700 persons may have been massacred by the Pol Pot regime. These graves bore similar marks to others found throughout the country. The victims were blindfolded, their arms bound and their skulls bashed in. Many mass graves were recently discovered during reclamation work in Svay Rieng, Kompong Cham, Kompong Speu and Kandal provinces. Most noteworthy were the ones containing about 8,000 corpses in Rumduol district, Svay Rieng province, the ones crammed with the remains of hundreds of families in Tuol Phlong village, Kompong Thom Province; the ones found with 5,000 cadavers at the Po Pe Phnom Pagoda in Kompong Speu Province; and the ones containing the bones of 17,600 victims on Koh Thmei Island and at Prek Roca in Kandal Province. [Text] [BK280329 Phnom Penh SPK in French 0400 GMT 27 Sep 80]

BATTAMBANG MOUNG RUSSEI EDUCATION--At the end of the 1979-80 school year, in MOUNG RUSSEI District, Battambang Province, there were 38 schools with 4,580 students and 100 teachers. Antilliteracy classes in the district have attracted more than 9,500 adults, most of whom can now know how to read and write. The district is planning to open more than 20 nursery classes, 312 primary education classes and 1 secondary school. [BK291051 Phnom Penh SPK in French 0407 GMT 27 Sep 80]

PHNOM PENH TRAFFIC MEETING--Phnom Penh, 25 Sep (SPK)--A meeting on traffic was recently held in Phnom Penh under the chairmanship of Mr Chan Ven, chairman of the Phnom Penh City People's Revolutionary Committee. At the meeting, Mr Khim Pon, head of the Phnom Penh City public security service, spoke about new measures being taken to maintain traffic safety and to enforce traffic regulations. [BK300319 Phnom Penh SPK in French 1430 GMT 25 Sep 80 BK]

KOMPONG CHAM AID DISTRIBUTION--Phnom Penh, 24 Sep (SPK)--The Committee for the Reception and Distribution of Aid recently distributed 500 tons of rice, flour, corn, sugar and peanut oil to the people in Kompong Siem, Thong Khmum and O Reang Euv districts, Kompong Cham Province. [Text] [BK30535 Phnom Penh SPK in French 1445 GMT 24 Sep 80 BK] Phnom Penh, 19 Sep (SPK)--The Committee for the Reception and Distribution of Aid on Tuesday [16 September] distributed 47 tons of rice, sugar, corn, peanut oil and green beans to the people in Sotin and Tournop Kong communes, Cheung Prey district, Kompong Cham Province. [Text] [Phnom Penh SPK in French 1432 GMT 19 Sep 80 BK]

SRV AMBASSADOR NOTES OVERSEAS VIETNAMESE ASSISTANCE TO EMBASSY

BK221344 Vientiane Domestic Service in Lao 2300 GMT 20 Sep 80

[Text] On 15 September, Nguyen Xuan, SRV ambassador extraordinary and plenipotentiary to the LPDR, sent a thank-you message to various offices and organizations under the LPRP Central Committee and in various localities in Laos. The message reads:

On the occasion of the celebration in the LPDR of the 35th anniversary of the October Revolution and the SRV National Day, we would like to extend our thanks to all offices and mass organizations under the party Central Committee and those in all localities in Laos for assisting and cooperating with us in successfully organizing photo displays, film shows, rallies and other activities on Vietnam. At the same time, we would like to thank various offices and organizations in Laos for sending greetings messages to us. We would also like to thank members of the diplomatic corps and the international organizations in Laos for sending bouquets of flowers and congratulatory messages to us on this historic occasion.

We are very proud to see the overseas Vietnamese in Vientiane and other cities making contributions and assisting our embassy staff to celebrate the historic day with satisfactory success.

CSO: 4206

# DECLARED COFFEE PRODUCTION IN POST-WAR CHAMPASAK CLAIMED

Hanoi NHAN DAN in Vietnamese 13 Sep 80 p 2

[Article by Tran Tong: "Champasak, Land of Coffee"]

[Excerpt] Champasak at the southern tip of Laos with some 386,000 inhabitants is the most populous province of the country's 13 provinces and cities. It does not have vast fields extending over hundreds of hectares as the Mientiane delta does; but it does have immense and sunny highlands, averaging 1,200-1,400 meters in altitude. The land, mainly basaltic, is fertile and fit for industrial crops, especially coffee.

The first man we met and talked with at Pakse airport was Xombun, provincial information and propaganda chief. He greeted us in an open, sincere, and family-like manner.

The first coffee crop in Champasak following liberation (1976) reached 1,500 tons.

I asked Xombun, "Can we increase coffee output even more?" He laughed, quickly turning the figures-filled pages of his notebook, and said, "Sure, we can. The 1,500 ton figure is not yet high, it's even lower than that a few years back. The main reason is that the people, not yet fully aware of the important role of coffee, do not grow much and neglect fertilization. Another reason is that a number of bourgeois and hamlet chiefs intentionally distort the policy of the party and the Lao state. They say that all private and collective property are concentrated into the hands of the state.

Champasak officials have properly solved a big problem right at the outset: they urged all former coffee growers to continue their activities; at the same time they prepared the people for good political awareness. The provincial administrative committee sent cadres into grassroots levels, explaining to the people that the policy of economic transformation and development of the party and the state is intended to create conditions for private growers to continue production, in keeping with the party's policies. In terms of trade, the state purchases coffee from private

growers at agreed upon prices, and sells them a number of staple commodities such as rice, cloth, and salt... This sparks enthusiasm, leading to more coffee sales to the state.

The effect of that correct policy of the party and the state is to encourage production growth. This is a major lesson learned from the reality of production in Champasak. In 1978, the coffee crop alone yielded 1,600 tons; in 1979, it reached 1,980 tons, and the 1980 target for the whole province is 3,000 tons.

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## ELECTION OF PARTY OFFICERS BY SARAWAK PBB

Kuala Lumpur NEW STRAITS TIMES in English 3 Sep 80 p 1

[Text]

**KUCHING, Tues. —** Sarawak Chief Minister Datuk Patinggi Tan Sri Haji Abdul Rahman Yaakub has been returned unopposed as head of the Parti Pesaka Bumiputera Bersatu (PBB) Sarawak at the party's general assembly here today.

This is his third term in office.

Incumbent first deputy president Datuk Amar Taib Mahmud and incumbent second deputy president Datuk Alfred Jabu were also returned to their respective posts.

Datuk Amar Taib is the Defence Minister while Datuk Alfred Jabu is the Sarawak Deputy Chief Minister.

Two new faces were elected vice-presidents —

State Assemblyman for Balangian Haji Wan Habib Syed Mahmud and State Assemblyman for Oya Haji Salleh Jafaruddin.

Two incumbent vice-presidents who were returned were State Assembly Speaker Abang Abu Bakar bin Datuk Bandar Abang Mustapha and Deputy Health Minister Dr. Sulaiman Daud.

Head of the PBB Youth wing, Encik Mustafiz Ujang, who is the State Culture, Youth and Sports Minister and head of the PBB women's wing, Puan Hafsaah Harun, who is the State Welfare Services Assistant Minister, are ex-officio vice-presidents.

The PBB president will appoint three more vice-presidents, the secretary-general and treasurer of the party.

The PBB supreme council will announce the results of elections to eight seats to the council tonight while the remaining seven seats will be filled by members appointed by the president.

Meanwhile, the assembly approved 19 resolutions after closed-door debate and 18 more without debate. — Bernama.



## SYNDICATES PROVIDING FORGED PASSPORTS

Kuala Lumpur NEW STRAITS TIMES in English 17 Sep 80 p 1

[Text]

**THE Immigration Department, for security reasons and to facilitate investigation, is tightening travel procedures on a trial basis, its Director-General Haji Mohamed Amir Haji Yaakob said here today.**

The trial, the first of which was conducted for 48 hours which began on Wednesday midnight at the Causeway, entails the stamping of all Malaysian travel documents with a dated exit chop. On the return trip, the documents will be stamped with a dated re-entry chop.

The procedure caused congestion and anxiety among Singapore-bound Malaysian travellers as immigration officials at the checkpoint went through every passport, International and Restricted, and certificate of identity.

Haji Mohamed Amir, while apologising to the public for the inconvenience caused, said the dated exit chop was necessary "for security reasons."

He did not elaborate, but the New Straits Times understands that the move is to enable the immigration to keep tabs and records of certain elements leaving the country and their duration of stay overseas.

Haji Mohamed Amir also said the chop would facilitate immigration investigations into cases of forged Malaysian travel documents.

Recently the department smashed several syndicates specialising in obtaining Malaysian international passports for foreigners, especially minors.

The syndicates operated by first securing

birth certificates of deceased Malaysian minors and used them to apply for international passports for foreigners of the same age as the deceased.

## New procedure

The foreigner would then leave Malaysia via the Causeway, have his foreign passport stamped with an exit chop, enter Singapore using the Malaysian passport and return later as a Malaysian citizen.

The operation had been successful mainly because Malaysian travel documents at the Causeway were not stamped on exit to Singapore by Malaysian immigration.

Haji Mohamed Amir said the Causeway was chosen for the first trial of the new procedure because it was Malaysia's busiest exit point for Malaysians. It is estimated that at least 70,000 people, most of them Malaysians working in Singapore, cross the Causeway both ways daily.

"We managed to check and stamp every travel document without deploying additional staff and there is every possibility that similar trials will be held at the Causeway and at other exit points from time to time," he said.

The trial at the Causeway ended at midnight tonight.



## COMMUNIST TERRORISTS KILL SARAWAK FARMER

Kuala Belait BORNEO BULLETIN in English 13 Sep 80 p 1

[Text]

KUCHING. — Communist terrorists brutally killed an old farmer in the Bau District of the First Division on Monday.

The remaining Reds of Sarawak have been quiet for a long time and this incident has come as a shock.

"It was cold-blooded murder," said acting Chief Minister Datuk Amar Sim Kheng Hong, when announcing the death of 61-year-old Liew Kwang Min.

Mr Liew was married with seven children.

The incident happened at their home along Tondong-Selalang Road on Monday afternoon.

The family said the five armed terrorists ransacked the house before the murder. They also forced the Liews to cook meals and provide entertainment.

Then they ordered Mr Liew from the building and shot him before fleeing.

Security forces based in Bau were alerted and an operation was launch-

ed to hunt the killers. By mid-week no contact had been made.

There are less than 20 terrorists left in the district and are known to be in small groups in the Matang and Lundu areas (Tondong-Selalang is between them).

Datuk Amar Sim urged people of the areas to report any activities by the communists to help the forces get rid of them.

He said the murder was an example of the terrorists resorting to

an atrocity to intimidate the innocent into submission.

But he emphasised Sarawakians want peace and progress — they will not succumb to the communists' tactics of intimidation.

He appealed for the Reds to lay down their weapons and rejoin society: "This is the only way out for them."

Datuk Amar Sim gave a government donation of \$2,500 to Madam Phang Non, widow of Mr Liew.

## PEOPLE APPEAR TO BE GRIPPED BY INFLATION PSYCHOLOGY

Kuala Lumpur BUSINESS TIMES in English 8 Sep 80 p 6

[Article by Bernard Lim]

[Text]

**INFLATION** has reared its ugly head again. If recent trends are anything to go by, Malaysians will have to learn to accept the inevitability of rising prices.

Cost increases have been fairly widespread over the past couple of months. Products affected range from essential consumer items to petroleum and building materials.

Few goods have been spared and the recent upward revision of prices of petroleum and petroleum products has aggravated the situation.

The uproar over sugar is another ugly manifestation of the inflation problem.

During the first quarter of this year, the Consumer Price Index rose by an average annual rate of 6.4 per cent in Peninsular Malaysia, 5.3 per cent in Sabah and 7.8 per cent in Sarawak.

Finance Minister Tengku Razaleigh Hamzah said recently

that in view of price developments worldwide, Malaysia's inflation rate was expected to reach or even exceed seven per cent this year.

The rise would largely stem from increases in prices of petrol and petroleum products, and imported machinery and transport equipment.

Economists believe that the \$200 million that will be injected into the economy each year as a result of the recent pay revision for civil servants will also contribute to inflation.

The worsening inflation in the industrial countries, together with accelerating oil prices last year and at the beginning of 1980 has made it difficult for a highly trade-oriented economy like Malaysia's to insulate itself completely from adverse influences.

Banking circles, however, point out that the rate of inflation was still the lowest in the Asean region.

In Indonesia, domestic

inflation rose to 21.8 per cent last year while domestic prices in the Philippines went up by 18.8 per cent.

Singapore fared relatively better than these two countries. Growth in consumer prices, accelerated in the second half of the year, reached an annual rate of 7.4 per cent in December 1979.

Thailand's inflation rate was 9.9 per cent in 1979 compared with 7.9 per cent the previous year.

Because the economies of the five Asean countries are to a greater or lesser extent open, they are more than likely to be affected by imported inflation.

The World Bank's World Development Report released last week painted a gloomy outlook for the world economy.

It said the real price of oil was likely to be at least 80 per cent higher in 1980 than in 1978 and that this would fuel widespread inflation, prompting strong deflationary

measures.

Because of this, the industrial economies were expected to show only sluggish growth in 1980 and 1981, inevitably slowing their demand for imports from developing countries.

Given these developments most non-oil producing countries will need to adjust to payments imbalances and expensive energy on a scale comparable to 1974-75, while bracing themselves for slower growth.

While the industrial countries are projecting economic growth at only 2.5 per cent, Malaysian leaders are optimistic that the domestic economy can maintain a high growth rate of about seven to eight per cent in the 1980s.

At a joint dinner hosted by the Association of Banks and other financial institutions here recently, Prime Minister Datuk Hussein Onn said that the flow of private investments in the country had accelerated despite the onset of global recession over the past year.

But he said, inflation had become a big problem. "Our people appear to be in the grip of inflation psychology," Datuk Hussein said.

Consumers, fearing that prices would rise much higher the next day or month, had begun to spend more than they should.

But some unscrupulous retailers had taken to raising prices indiscriminately because others were doing so, thereby fanning the rate of inflation.

Government planners have suggested various ways of controlling inflation such as curtailing money supply, increasing taxes, encouraging savings and increasing the supply of goods.

In this connection, Bank Negara's latest quarterly report has warned that the acceleration of domestic prices at a time when domestic demand was picking up strongly would need to be watched closely, particularly because of a significant expansion in money supply.

Money supply rose by 5.1 per cent in the first quarter of 1980 compared with 3.2 per cent in the corresponding period last year.

On an annual basis, growth in money supply accelerated from 17.2 per cent at the end of 1979 to 19.4 per cent at the end of March 1980.

As Datuk Hussein Onn pointed out, the government has so far managed to keep inflation at a reasonable level through monetary, fiscal and other measures.

These measures include raids by officers of the Enforcement Division of the Ministry of Trade and Industry to prevent hoarding. Ef-

forts have also been made to ease supply bottlenecks, introduce price controls on essentials and subsidise some areas of activity.

Also needed is an initiative from the private sector to meet the demand for consumer goods to cope with the effects of income increases.

While these measures are being put into effect, a campaign to encourage the people to save and to dissuade them from spending on non-essential items could also help.

It should impress people that they shall spend only when necessary. Malaysians, particularly housewives, have gained a reputation for stockpiling food and other essentials on hearing reports that prices would be going up.

Deputy Finance Minister Datuk Paduka Rafidah Aziz has stressed the need to fight the inflation psychology among the people to ensure that they do not jump onto the inflation bandwagon.

"They should now be able to re-adjust their consumption habits to suit inflationary times and curtail unnecessary spending to reduce pressure on demand," she said.

"Having more disposable income as a result of increased tax relief or higher wages does not mean they must spend it.

This excess, she said, should be channeled to non-inflationary avenues like savings and investment. — Bernama

## SARAWAK EXPERIENCING BOOM IN FOREIGN INVESTMENT

Kuala Lumpur BUSINESS TIMES in English 1 Sep 80 p 6

[Article by Effendi Ariffin]

[Text]

BARELY 10 years ago, the Land of the Hornbills was a sad case.

Saddled with numerous problems — political instability and security threat from the communist terrorists — development moved at a slow pace.

Today, Sarawak is an entirely new State with tremendous potential for development.

Benefitting from the prevailing political climate, the State has been enjoying a buoyant economy and trade surpluses.

Communist subversion has been contained with the terrorists reduced to small isolated groups.

Security operations are now confined mainly in the First Division and Special Security Areas (Rascom Areas) of the third, sixth and seventh divisions.

Against this background Sarawak is aiming to become the model State of Malaysia.

The State government of Chief Minister Datuk Patinggi Tan Sri Haji Abdul Rahman Yakub has promised to step at nothing to fulfil the people's aspirations.

Sarawak, once also known as the 'land of the headhunters', is endowed with rich natural resources — natural gas, petroleum, timber, minerals and hydro-power.

Realising Sarawak's enormous economic potential, foreign investors have come with their millions to pour into gigantic undertakings such as the liquefied natural gas (LNG), mineral and timber-based manufacturing projects.

According to official figures issued by the Malaysian Industrial Development Authority (MIDA), total capital investment in Sarawak came to over \$2 billion for the whole of last year.

This places the State at the top of the league in terms of investment.

### Projects

Approved projects totalling 32 of which 18 involved foreign investors mainly Japanese, Australians, Norwegians, Dutch, Americans and Singaporeans.

The projects ranged from food industries to hotel development to manufacture of pre-fabricated materials.

The largest single investment, according to MIDA, is in the LNG project in Bintulu with a total capital commitment of \$2.5 billion.

In terms of employment opportunities, it will need from 4,000 to 5,000 workers of all categories.

The LNG project, located at Bintulu in the Fourth Division, is a joint venture between Petronas which holds a majority share, Shell and Mitsubishi.

Up to April this year, new projects approved

accounted for a total capital investment of \$9 million.

These are mostly for projects involving non-metallic products, timber-based and fabricated metal products.

In addition, the number of trade and investment enquiries has been increasing. Up to June this year three have been 41 such enquiries, according to the MIDA regional office in Kuching.

With Sarawak gaining a place on the investment map, trade missions are beginning to include Sarawak in their itinerary.

A number of trade delegations from Europe, Australia and the United Kingdom has found their missions fruitful.

In June this year, a second seminar on "Investment in Sarawak" was held in Kuching, drawing nearly 250 foreign investors to a two-day gathering.

Investment opportunities were highlighted in some of the working papers to generate interest among the participants.

In his working paper, State Financial Secretary, Datuk Haji Bujang Neer, mentioned some feasible projects, especially in the export-oriented and labour-intensive industries using local materials.

He listed "the priority products" as those which utilise local raw materials such as timber, rubber, oil palm and others, petrochemical and other chemical products, industrial machinery and parts, motor vehicle components and fittings, textiles, toys and footwear.

The State government also encourage timber-based industries which will maximise the use of

the State's timber resources through the establishment of integrated timber complexes.

In the timber complexes, considerable opportunities also exist by the expansion of secondary and tertiary wood-based manufacturing industries.

"There are also opportunities for setting up of industries whereby

forest and mill residuals can be recovered to produce quality products of value. At present the forest and mill residue are allowed to go to waste," says Datuk Haji Bujang.

In the agro-based industries, potential exists for investment in crops such as rubber, palm oil

and cocoa, pepper and sago. These commodities accounted for the third largest revenue earnings after petroleum and timber. Sarawak is now the world's largest producer of pepper.

Both the Federal and State governments are keen to see Sarawak move along in the mainstream of national development.

However, as the biggest State in Malaysia, there is still a lack of basic physical infrastructure facilities such as roads, communications and ports which hinder development.

A lot of these problems are likely to be overcome as Sarawak prepares for the massive Fourth Malaysia Plan beginning next year.

The Chief Minister disclosed that a total of \$200 million will be earmarked for the construction of trunk roads and roads to complement the trunk roads.

The Fourth Malaysia Plan will also pay spe-

cial attention to the physical, transportation and communication infrastructure.

Another sum of \$300 million is expected to be invested for the improvement of telephone and telex communications in the State while ports and airports will be expanded and upgraded to bring about better handling facilities.

As for hydro-power, Sarawak is well-endowed. At least 20 sites have been identified as potential areas in the State, with two major projects at Batang Air and Pelagus already in the pipeline.

The Batang Air hydro project, expected to cost \$600 million, is scheduled for commissioning by 1985.

With the State Government solidly behind all these efforts to bring about socio-economic development, is Sarawak is now ready for another start as it enters its 18th year in Malaysia. — Bernama

## AGRICULTURAL LAND NOT BEING FULLY UTILIZED

Kuala Lumpur BUSINESS TIMES in English 6 Sep 80 p 16

(Text)

TOP priority should be given to increasing the productivity of existing cultivated and under-cultivated areas before new land is opened up for agricultural development, president of the Malaysian Scientific Association, Tan Sri Dr Annuar Mahmud, said in Kuala Lumpur yesterday.

He said there were large areas crying out for proper land utilisation.

In his working paper on "agriculture and development in Malaysia", at the Silver Jubilee Congress on Science and Technology, he said that of the approximately 12 million hectares now being cultivated, it was safe to assume that a good percentage was under-utilised due to physical, socio-economic or cultural factors.

He added that the production from these areas could be doubled or tripled with a proper intensification programme. The need for this would be felt greater than ever before in the not too distant future, he

said.

Tan Sri Dr Annuar said that the combination of population pressure on land resources and rising costs of inputs needed for high yields made it necessary now to look for alternative means of maintaining the growth of agricultural production at a reasonable cost.

However, intensification programmes were still inadequate to enable the country to achieve its goal of self-sufficiency. Such programmes required good management, sufficient and well-managed water supply, crops with early maturity and corrective measures to take care of low soil fertility, acidity, absence of tilling power as well as pests and diseases.

Intensification could either involve planting the same crop more intensively and frequently in a given area as a mono-culture system or alternatively introducing mixed cropping or crop-livestock systems.

Such a diversification

would widen the range of products available for consumption in the rural areas, improve nutrition as well as augment rural incomes.

He said that there were deficiencies in the understanding of the inter-relationship between crop growth, soil and climate which had to a certain extent affected the planning, placement and implementation of specific programmes and the extrapolation of the results.

Due consideration should be given to this specific aspect of agricultural development as an important means of improving crop production.

Tan Sri Dr Annuar also said that with increasing production anticipated during the Fourth Malaysia Plan period there was an urgent need to pay attention to post-harvest technology such as drying, storage and other causes of losses resulting from rodent, insect or fungal damage and, particularly, poor processing. — Bernama

## SARAWAK RECORDS LARGE TRADE SURPLUS FOR FIRST 5 MONTHS

Kuala Lumpur BUSINESS TIMES in English 13 Sep 80 p 12

[Text]

SARAWAK recorded a trade surplus of \$375.5 million during the first five months of this year, an increase of \$499.6 million over the corresponding period last year.

Exports totalled \$1,703.1 million and imports \$277.6 million, according to preliminary figures released by the Statistics Department in Kuching.

Crude petroleum continued to be the major revenue earner, accounting for 57 per cent of the total export value while petroleum products valued rose by another six per cent to \$35.3 million.

Other major exports were sawlogs, saws timber, rubber and pepper.

Export volume of sawlogs declined marginally from 2.53 million cubic metres for the first five months of last year to 2.44 million cubic metres in the same period this year.

However, due to higher prices, export value increased from \$282.6

million to \$350.7 million.

Exports of sawn timber increased from \$46.2 million to \$52.2 million.

A total of 14,306 tonnes of rubber valued at \$37.7 million was exported compared with 19,037 tonnes valued at \$41.1 million in the January-May period of last year.

The general undertone of the pepper market was rather soft with declining exports of both black and white pepper.

A total of 7,739 tonnes of black pepper valued at \$36 million was exported during the first five months of this year compared with 8,341 tonnes valued at \$36.4 million during the same period last year.

White pepper exports also declined from 3,571 tonnes valued at \$17 million in the January-May period of last year to 2,617 tonnes valued at \$13.1 million during the same period this year.

The main imports were machinery, transport equipment and food items. — Bernama



## NATURAL GAS PREFERRED AS ALTERNATIVE ENERGY SOURCE

Kuala Lumpur BUSINESS TIMES in English 9 Sep 80 p 6

[Article by Hardev Kaur]

[Text]

THE rising price of oil products have brought home to this country the need to reduce dependence on oil. But in discussing what should substitute for oil, Malaysia may lose sight of the danger inherent in depending upon meagre sources of supply.

In view of this, Ms Bebe Chooi, head of the Research Department, Petronas, says that Malaysia should not wait for a crisis in order to make up its mind. "Clearly, the time (to decide) is now, and the option is gas," she adds.

She argues against coal because Malaysian deposits are small and poor. Malaysia's potential reserves are estimated at 400 to 500 million tons of coal, equivalent of two to 2.5 billion barrels of oil.

Of the potential reserves, only 93 million tons or almost 500 million barrels of oil equivalent (i.e. one third the size of our oil reserves) are considered economically exploitable.

The coal is, alas, of poor quality, with low calorific value, high moisture or high volatile content, making the market value of coal only a fifth or sixth of the best grades of coking coal.

In view of this, Ms Chooi argues that coal is a feasible alternative for

Malaysia only if it is imported. The possible sources of supply are China, India, Australia and Indonesia.

Though all the four sources are fairly close enough to avoid high transport costs, only one — Australia — appears to be a reliable source as the other three would increasingly need their coal for domestic use.

"This leads to one important conclusion. The coal option cannot be all that attractive if it is going to make Malaysia rather dependent on a single country," she said in a paper presented to a national energy seminar last month.

Moreover, although current coal prices are still low compared to oil prices in terms of calorific value, they could increase to the level of oil prices in the future because of rapidly increasing demand for coal and the phasing out of its chief competitor, oil.

Referring to the nuclear option, she argues that it is becoming less attractive due to the increasing price of uranium and the rising cost of plant and equipment. Ms Chooi argues that the nuclear option makes sense only for countries which produce uranium (like the US, USSR or Australia) or which do not have any

indigenous energy resources at all (like Japan or South Korea).

More important, almost 90 per cent of the world's production of uranium is in the hands of only four countries (USA 41 per cent, Canada and South Africa 20 per cent each, and France seven per cent). If depending on 13 member states of Opec causes misgivings, depending on four for uranium would be even more risky. Ms Chooi argues.

For Malaysia it would mean not only total dependence on foreign sources of uranium supply, but it would also impose tremendous dependence on foreign expertise and technology. As such the nuclear option should be the last one.

Tan Sri Abdullah Salleh, chief executive of Petronas, points out that Malaysia has taken a cautious approach as regards nuclear energy. This he attributes to the fact that nuclear energy is a complex business and the issues related to its utilisation have yet to be sorted out even in the most advanced countries.

"Apart from the advanced technology that has to be mastered, there are the questions of fuel supply, environmental impact, waste disposal and public acceptance as-

sociated with it. All over the world, nuclear energy is undergoing rethinking and revaluation. As such, it is appropriate that the government treat this option as a last resort," Tan Sri Abdullah adds.

What then are the options for Malaysia? Ms Chooi, notes that Malaysia has a very large hydro potential. The technical potential for hydro-power has been conservatively estimated at 123,000 GWH (gigawatt hours) per year, of which 53 per cent is centred in Sarawak, 34 per cent in Sabah and 13 per cent in Peninsular Malaysia, (one gigawatt = 1,000 MW = one million KW).

But excessive dependence on hydro electricity could be dangerous, because droughts, accidents to submarine cables could result in massive blackouts in Peninsular Malaysia. Ms Chooi takes therefore, the stand that power systems must diversify their energy sources to eliminate excessive dependence on any one source.

But there are economic limits to diversification. Although in theory it would appear feasible for power stations to use both gas and coal in addition to hydro, this might not be feasible in practice. This is due to



the high cost of bringing gas to shore and feeding it into major power plants to the major demand centres on the west coast.

The use of gas will be uneconomic unless it is used in large quantities, ruling out in her opinion large-scale dependence simultaneously on coal and hydro electricity.

Moreover, electricity will account for only 41 per cent of total energy consumption in the year 2000. So even if Malaysia wanted to, it could not utilise full hydro-electric potential of 123,000 GWH which would be equivalent to 62 per cent of total energy consumption in that year.

There is no doubt that Malaysia's hydro-electric potential is far more than what it needs, but before this potential can be realised there are other problems that need looking into.

The main one is that whereas the bulk of the potential lies in Sarawak and Sabah, users in Peninsular Malaysia account for 80 per cent of total energy consumption. In such a situation, the problems of transmission loom large — more so because 400 miles of sea separate the territories at the nearest point.

Another problem is that harnessing the vast hydro potential in Sarawak may necessitate the drowning of vast areas of land, including good agricultural land, mineral deposits and human settlements.

Weighted against all these possibilities — coal, nuclear energy and hydro power — the gas option appears the most viable for Malaysia. Recoverable reserves of non-associated gas have been estimated at over 30 trillion standard cubic feet, equivalent to more than five billion barrels of oil (compared with 1.8 billion barrels of presently known oil reserves).

Ms Chooi notes that over 15 trillion cu. ft. of recoverable reserves of natural gas lie off Peninsular Malaysia. It has been estimated by the

National Electricity Board (NEB) that power plants will need 12 trillion cu. ft. after the year 2000. In other words, sufficient gas resources are available to meet energy requirements in the foreseeable future.

The gas resources committed to exports via the LNG plant are only those from the Central Luconia area off Sarawak. The Bintulu LNG project will need 400 billion cu. ft. a year over a period of 20 years.

"It is of vital importance that Malaysia's natural gas be introduced into the domestic scene immediately, so that by the time oil is no longer available at any price, Malaysia can depend on its indigenous gas reserves," Ms Chooi says.

This should be seen in the context of the various uses of gas. Natural gas can be used as a fuel not only in electricity generating power plants but also in heavy industries such as aluminium smelting, cement, glass and brick manufacturing. In addition, it can be used as town gas by individual households in the form of LPG. It also serves as a reducing agent for metallurgical processes as in the case of the sponge iron plant planned for Sabah.

More significantly, natural gas can be used as feedstock for petrochemical products, resulting in greater added-value than when gas is burned off as fuel. Ms Chooi points out that products derived from gas, include ammonia, hydrogen, methane, propane and butane, which are basic raw materials for fertilisers and petrochemicals.

The proposition that Malaysia should not export its gas has now been given the powerful support of Petronas. Tan Sri Abdullah says that since gas reserves of the Central Luconia field in Sarawak have been committed for export in the form of LNG to Japan, "whatever remains should be committed for domestic use."

Ms Chooi adds that having one LNG plant is enough. In any event burning gas is a waste. If this is unavoidable, why allow other countries to take advantage of the clean fuel while Malaysians have to depend on imported dirty fuels such as coal?

Ms Chooi says that exporting gas while importing coal is similar "to giving away our rice and having to eat ubi kayu (tapioca) instead."

In propagating the use of gas as an alternative, three scenarios on energy consumption have been drawn up. The first scenario assumes high dependence on oil and minimal substitution by other energy sources. The other two give importance to the substitution of oil by other indigenous energy sources, namely hydro power and natural gas.

The contribution of gas to total energy will be nine per cent in the year 2000 under scenario one.

The contribution of gas to total energy under scenario two would be 20 per cent by the year 2000 — where the hydro potential is fully utilised including the sizeable Pelagus rapids potential in Sarawak. The contribution under scenario three would be 36 per cent by the same year. This assumes that the technical hydro potential in Peninsular Malaysia only is fully utilised.

The corresponding contributions of hydro power to total energy under the three scenarios by the year 2000 would be four per cent, 35 per cent and 10 per cent respectively while that of oil would be 85 per cent, 10 per cent and 10 per cent.

Ten per cent for oil consumption in the year

2000 is not unrealistic. If it is considered that many countries now depend on oil for only about 40 per cent of their energy needs, such as UK (43 per cent), USA (46 per cent), USSR (38 per cent), Australia (45 per cent) and Canada (40 per cent).

These percentages are said to be declining rapidly. Ms Chooi notes that although 10 per cent for the year 2000 is not unrealistic as an objective, it may well be difficult to attain.

Scenario three — which assumes that hydro potential in Peninsular Malaysia only is fully utilised — is considered conservative as it assumes that it is not feasible to harness the sizeable Pelagus potential in Sarawak and transmit electricity to Peninsular Malaysia via submarine cable by the year 2000.

In fact, the technology for transmitting electricity across hundreds of miles of water exists.

and there is every chance that electricity generated by the Pelagus rapids can be transmitted to Peninsular Malaysia in the near future.

Malaysia's gas reserves, while relatively plentiful, will not last forever. In view of this what would happen when the reserves are depleted? Ms Chooi feels that coal could be a likely candidate to succeed gas. This includes coal liquefaction (oil-from-coal) and coal gasification (gas-from-coal).

It is envisaged that by then other possibilities would present themselves. With technological development, non-conventional energy may become conventional. Solar power and energy from hydrogen could be commonplace. Even nuclear energy might evolve such standards of safety that it may be able to play a large role on the energy stage, says Ms Chooi looking ahead to the long term.

## NEPAL

### BRIEFS

PORTUGUESE ENVOY DESIGNATE ARRIVES--Kathmandu, Sept. 25--Ambassador-designate of Portugal to Nepal Joao Edurado Monteverde Perera Bastos arrived here today to present his credentials, reports RSS. He was received by the ADC to His Majesty the King and the Chief of Protocol at Tribhuvan International Airport. [Text] [Kathmandu THE RISING NEPAL in English 23 Sep 80 p 1]

GREEK ENVOY ARRIVES--Kathmandu, Sept. 23--Ambassador-designate of Greece to Nepal Dimitri Manolatos arrived here this afternoon, reports RSS. The Ambassador-designate was received by ADC to His Majesty the King and Deputy Chief of Protocol at the Tribhuvan International Airport. [Text] [Kathmandu THE RISING NEPAL in English 24 Sep 80 p 1]

THAI ENVOY DESIGNATE ARRIVES--Kathmandu, Sept. 22--The Ambassador-designate of Thailand to Nepal, Mr. Pony Bua Iam arrived here this afternoon to present his credentials to His Majesty the King, reports RSS. Mr. Pony Bua Iam was received at the Tribhuvan International Airport by the aide-de-camp to His Majesty the King and the Chief of Protocol. Ambassador Pony Bua Iam is the first Thai residential Ambassador to Nepal. [Text] [Kathmandu THE RISING NEPAL in English 26 Sep 80 p 1]

CSO: 4220

## TOP PRIORITY GIVEN TO PETROLEUM EXPLORATION

Karachi MORNING NEWS in English 20 Sep 80 p 3

{Text}

ISLAMABAD, Sept. 20 The Government has given highest priority to the petroleum exploration and development in the annual development programme and this sector has received 87 per cent higher allocation than last year.

The spokesman of the Ministry of Petroleum and Natural Resources has contradicted here today the misleading reports appearing in a section of Press on the inadequacy of oil exploration with a view to running down the oil exploration efforts of the Government.

The spokesman said that the manpower and equipment bases have been strengthened both in the private and public sectors to launch the accelerated programme of oil exploration.

Drilling of 30 wells have been programmed for 1980-81 as against 14 wells drilled during 1979-80. Bulk of the wells will be drilled in the private sector. New foreign companies have been inducted in the oil exploration effort.

The joint venture agreement with Occidental Petroleum for central Potokhar was executed on Sept. 18, and the company has already started seismic survey.

The Karak concession in the North West Frontier Province has been reactivated. Negotiations with British Petroleum

have been finalised and the company is expected to start its operations in Baluchistan before the end of this year.

The shipment of the rig for drilling Shell's two exploratory wells in the Punjab will start from October 1, and the first well is expected to be spudded by Nov. 15 this year.

The Union Texas rig for drilling three exploratory wells in lower Sind during the current year has already arrived. Seismic survey by Husky Oil Company offshore will commence during the coming dry season.

Amoco after completion of the Mianwala well is looking for a foreign partner to share their risk venture expenditure.

Amoco has already drilled seven exploratory wells, and are looking for a partner to share the risk venture capital with the operation Pakistan Petroleum Limited and Oil and Gas Development Corporation (OGDC).

The relationship of Amoco with OGDC during the exploratory phase has been cordial.

Effective Sept. 1, there has been a breakthrough in the indigenous oil production and maximum oil received at the refining gate at Morgah was 13,278 barrels on 9.9.1980 and the maximum output of 11,084 barrels was achieved on Sept. 12, the highest level so far achieved.—AFP.

## OIL EXPLORATION EFFORTS REPORTED INADEQUATE

Islamabad THE MUSLIM in English 28 Sep 80 p 1

[Article by Sikander Hayat]

[Text]

ISLAMABAD, Sept. 27 Pakistan is finding it increasingly difficult to bridge the widening gap between indigenous oil production and its total requirement as the present rate of exploration is not adequate and the future plans also look too limited for the job, a source close to the ministry of petroleum and natural resources said here today.

He said the main constraints to healthier growth of oil activity in the country were lack of adequate funds, outdated equipment at the sites and shortage of technical personnel, adding that if these constraints persisted, even the present it would become difficult to maintain even the present modest tempo of oil activity.

At present the country produces only 10800 barrels per day and imports 80,000 bpd at the cost, which is estimated to be nearly Rs. 15,000 million next year.

With Qazian well abandoned and Meyal-5 and Adhi-5 oilwells hardly producing one-fifth of what they were forecast to do, situation in the oil fields not very encouraging.

The AMOCO is picking up after a row with the Ministry of Petroleum at the failure of Mirwala well and now the only other foreign firm left active in the field is Gulf, which drilled the unproductive Qazian No. 1. It is now busy at Famenkasser. The Occidental has not yet arrived.

The Pakistan Oilfields Limited is still using their 50-year-old steamfitted rigs. However, there are reports that it has now ordered for a new rig, which is expected to arrive next year. Pakistan Petroleum is also reportedly thinking of getting new rigs, on rent.

The Oil and Gas Development Corporation has, however, intensified its efforts and it is expected that by the end of this year the output from its wells would register some increase. Its activity, which was so far localised at the Tut Oilfield, was now expected to be shifted to Dhodak and Pirkoh.

At the Tut Oilfield, Tut 10-A, and Tut-11 are on production testing, and Tut-7 and Tut-9 are being worked over. OGDC's other wells at Dhermond and Surjan are in final stages of drilling.

The World Bank is being approached for the development of surface facilities at the Dhodak field, which is reportedly very rich in oil condensate and gas.

In the Pirkoh gas field, the OGDC is planning initially to dig one well to depth of 2,800 meters. For drilling another two wells contractors are being sought. The OGDC has currently four American rigs, two old Russian rigs, one medium size Romanian rig and a latest model American rig, now deployed at the Surjan well.

While the OGDC would be concentrating on new sites, the POL would be busy with the Meyal-6 and PPL would drill one more well in Adhi.

The source expressed apprehension that this year the number of new wells to be spudded may be less than last year's.

The slow progress in oil development in the Pothwar area has jeopardised the future of Attock Oil Refinery, where the capacity was increased from 10,000 bpd to 36,000 in April. This capacity would further go up by another 20,000 bpd by next November, when another plant there becomes operative.

## ALLOCATIONS FOR PETRO-CHEMICAL SECTOR SET

Islamabad THE MUSLIM in English 26 Sep 80 p 8

[Text]

ISLAMABAD, Sept. 25 The Executive Committee of the National Economic Council on the 2nd day of its two-day meeting here today approved many developments in the petro-chemical, industries, physical planning and housing, broadcasting, and agriculture sectors.

In the petro-chemical sector, the ECNEC sanctioned the scheme for National Refinery lube complex-expansion. The project forms part of the petroleum refining complex of the National Refinery Limited.

The project is designed to meet the growing deficit of lube base oils, asphalt and light diesel oil in the country by processing the surplus reduced crude and thus making the country self-sufficient in these products.

The project which is of great economic significance will cost Rs. 1280.00 million, involving a foreign exchange worth Rs. 567.89 million.

The Executive Committee also approved expansion in the existing cement factory at Dandot at an estimated cost of Rs. 576.90 million which will include foreign exchange amounting to Rs. 235.98 million.

The expansion will include installation of a dry process kiln of 1,000 tons per day capacity. The project, already in an advanced stage of implementation, will result in raising the annual production capacity of the factory to 0.343 million tons. It will be completed by Sept. 1981.

The Executive Committee accorded post facto approval to the revised escalated capital cost of Thatta Sugar Mills amounting to

Rs. 329.00 million including foreign exchange component of Rs. 127.80 million.

Similarly, post facto approval was given to the revised estimates caused by escalation in the cost in case of Dadu Sugar Mills which amounted to Rs. 297.54 million inclusive of foreign exchange worth Rs. 141.15 million.

The ECNEC also approved the establishment of De Forest Industries Complex. The complex will be located at Ramora and Sheringal in Malakand Division and will be completed at an estimated cost of Rs. 302.84 million including a foreign exchange component of Rs. 57.61 million.

The project will go into trial production in July, 1981 and comprise a factory at Ramora having a saw mill, and plywood and chip-board plant.

In the physical planning and housing sector, the committee approved construction of permanent accommodation for wing headquarters for Mohmand Rifles at Mohammad Gase and at Ghalanai in NWFP.

Both the schemes will be completed by 1982-83 at a total cost of Rs. 40.31 million.

The scheme will be implemented by 1981-82 at an estimated expenditure of Rs. 21.90 million.

The ECNEC also approved revised estimates of Rs. 237.44 million for the on-going Lahore Township Scheme.

The project aims at the development of 22,652 residential, 660 industrial, 333 commercial and 128 public amenities plots. The scope of the project, located at Kot

Lakhpur, also includes construction of 7210 one-room quarters for low income families.

In the broadcasting field, the Executive Committee approved revised estimates of Rs. 22.06 million for the installation of 100 kilowatt medium wave transmitter at Muzaffarabad, Azad Kashmir.

In the agriculture sector, the Committee endorsed the on-going pilot project for maximisation of cotton production in the main cotton growing area of Punjab.

The scheme aims at achieving an average yield of 15 maunds of seed cotton per acre as compared to the existing level of 9 maunds of seed cotton per acre.

In addition, the ECNEC reviewed progress of ten development projects achieved during January-June 1980.

The ECNEC also considered quarterly reports of the position of schemes dealt with by the Central Development Working Party during April-June, 1980 as well as those dealt by the Provincial Development Working Parties during January-March and April-June, 1980.

The 4½ hours meeting was presided by Finance Minister, Ghulam Ishaq Khan and attended by the Ministers for Production and Industries, Housing and Works and Water and Power, Food and Agriculture and Co-operatives and Communications, Provincial Chief Secretaries, concerned Federal Secretaries, Senior Federal and Provincial officials and representatives of autonomous and semi-autonomous agencies.

## PAKISTAN

### EFFORTS TO ASSURE POWER SUPPLY TO BALUCHISTAN REPORTED

Quetta BALUCHISTAN TIMES in English 25 Sep 80 p 1

[Text] Quetta, Sept. 24--The present power supply to Baluchistan from various thermal power stations and turbines would be increased by forty percent by the end of next month and would greatly meet the requirements of the province.

The General Manager Wapda (generation) Mr. Abdur Rehman Khan told a Radio Press Conference that efforts were being made to keep pace with the increasing demands for power and with the commissioning of the Guddu thermal power station which is expected to be completed within a couple of years and setting up Turbine in Quetta and installation of two thermal stations of 210 megawatt capacity each by the end of 1982, the power supply in Baluchistan in particular and the rest of the country in general, would be quite satisfactory. However, he agreed that presently power generation was not sufficient to meet the requirement of the entire country.

Mr. Abdur Rehman Khan said that he was fully aware of the needs for power in this province and said efforts were afoot to ensure adequate power supply to Baluchistan which is also making rapid progress in the field of industry and agriculture which needed more power to maintain the pace of development.

The General Manager of WAPDA expressed the hope that power supply to Baluchistan would be increased considerably within next two months which would greatly meet the needs of the province.--APP

CSO: 4220

# COTTON PRODUCTION TARGET SET

Islamabad THE MUSLIM in English 25 Sep 80 p 6

[Text]

KARACHI, Sept. 24 Cotton production during the current year is likely to achieve the record growth target of 4.4 million bales, according to the latest assessment of the crop situation prepared by the Pakistan Central Cotton Committee (PCCC).

A Press release issued by the Committee said that the prospects for meeting the envisaged target figure were 'bright'. It said cotton had been cultivated in Punjab and Sind, over an area of 51.48 lakh acres, exceeding the target figure of 50.40 lakh acres by 2.4 per cent.

The PCCC, it continued, through its regular 'cotton maximisation projects, was engaged in disseminating modern cotton growing techniques among farmers all over the country.

It said the PCCC had established two multi-disciplinary research institutes at Multan and Sakrand,

which keep abreast with the latest modern techniques in the field of cotton production, types of seed, pest control, etc. and adapt them to local conditions.

The results of the research programmes undertaken at the above two institutions are offered to Pakistani farmers as 'a package deal for large scale application' on fields earmarked for planting cotton.

It said the PCCC institutions were also active in running demonstration fields in various parts of Punjab and Sind in connection with its 'cotton maximisation projects.

At these demonstration fields, farmers were shown through practical results how modern techniques could help them to raise production, protect their crop from the ravages of pests etc., it added.

CSO: 4220



# BETTER MILLING PROCEDURES URGED TO INCREASE RICE EXPORTS

Lahore THE PAKISTAN TIMES in English 30 Sep 80 p 4

[Editorial: "Rice Procurement"]

[Text]

The Federal Government has announced the prices of basmati and other varieties of rice prior to the procurement campaign beginning from the first week of October. The official machinery is well set to this end, and a total ban on the inter-district movement of rice comes into effect from October 1. Out of the 22 districts in the Punjab 17 have been declared controlled areas. To facilitate the effort, the Government had earlier asked the rice dealers to clear all the stocks held by them by the end of this month. This year the Government took special measures to help boost the production of rice which has lately emerged as the country's single largest foreign exchange earner. The Provincial target for the current Kharif was fixed at 17 lakh metric tons of rice to be obtained from a total cultivated area of 29.75 lakh acres. For the

achievement of the target, the relevant departments made elaborate arrangements for the provision of quality inputs at the farmers' door-step and advanced them a sum of Rs. 1.50 crore as interest-free loan. The growers also received credit from the banks on a large scale. Last April the Government fixed new prices for both basmati and irri as an incentive to the rice farmer.

It will be some time before the production figures are consolidated, but to all indications the yield this year has been good, greatly strengthening the export prospects. The new prices fixed by the Government — Rs. 125 per maund for basmati and Rs. 64 per maund for irri — compare favourably with last year's figure. The new rate for basmati paddy shows an increase of over 16 per cent, while that for irri 20 per cent. This may not fully meet the demand of the Kissan



Board, but nevertheless it should go a long way towards ensuring that rice cultivation remains competitive. While going about the task of procurement it must be guaranteed that there is no intervention by traders and stocks are not diverted elsewhere. In some far-flung areas where the official procurement machinery is not efficient enough, or the mills don't have sufficient funds to pay for all the stocks brought to them, middlemen step in to fill the vacuum. The big difference in the procurement price and the market rate puts private operators in an advantageous position. The growers are only too willingly to collaborate. The ban on rice movement

is one way to take care of the problem, but the long-term solution lies in gradually closing the gap. This is sure to give a big boost to rice production. A related question is that of export which cannot rise unless the quality of rice milling improves. The terms offered to the rice mills by REP being very unattractive, no new investments are reportedly being made to establish modern milling plants. Since rice has become a major foreign exchange earner and it figures prominently in our future export calculations, there is urgent need to attend to the problems of the milling sector with a view to raising its standard.

# IMTIAZI ASKS TRADERS TO MAKE ZAKAT SYSTEM SUCCESSFUL

Karachi MORNING NEWS in English 2 Oct 80 p 5

[Text] The Administrator General of Zakat, Mr. I.A. Imtiaz on Tuesday called upon the business community to play a leading role in the successful implementation of the newly-enforced Zakat system in the country.

In an informal exchange of views with brokers at the Karachi Stock Exchange he said the Government had suitably amended the Zakat Ordinance to remove its shortcomings and make the system more efficient. The recent amendments had also accommodated the Fiqah-e-Jafaria in Zakat system.

He hoped that the businessmen and other well-to-do people would come forward in a positive spirit to make the system successful.

Mr. Imtiaz discussed the difficulties faced by the members of the Stock Market in regard to Zakat matters. Some members pointed out instances of duplication and triplication in Zakat deduction on shares.

The Administrator General assured the businessmen that as long as the physical identity of the assets remained undisturbed, Zakat would not be deducted on them more than once.

He noted the suggestion made by some brokers that the Government should treat shares as stock in trade (Amwal-e-Tijarat) while deducting Zakat and said that due consideration would be given to this matter.

Mr. Imtiaz later told newsmen that he was deeply impressed by the high level of discussion at the meeting. He said some members of the Stock Exchange had raised some very pertinent and knowledgeable points which needed serious consideration.

He said his visit to the Stock Exchange had helped him in understanding better the points of view of the business community in respect of Zakat. He hoped that the process of mutual consultations would continue so that ways could be found to remove the genuine difficulties faced by the Stock Market operators within the framework of the Zakat Ordinance.

Mr. Bashir Jan Mohammed, President of the Karachi Stock Exchange, assured the Administrator General of the full co-operation of the members in implementation of the Zakat system in the Stock exchange.--APP

# ICP INTEREST-FREE SCHEME FROM 1 OCT

Islamabad THE MUSLIM in English 25 Sep 80 p 8

[Text]

KARACHI, Sept. 24: Participants in ICP's interest-free investors' scheme, being launched from Oct 1, will share profits in the ratio of 60:40 with ICP.

An official source told PPI today, in the new framework the investors and ICP, will pool their funds for the new Participation Investment Account (PIA) in the ratio of 40:60. The losses in the account, if any, will be shared in the ratio of 40:60 (40 to investor, 60 to ICP), the source said.

The ICP's existing investment account holders, the source said would have the option to convert their account into new participation investment account.

The source said that subject to confirmation from account holders, the Corporation will convert their existing investment account on Sept. 30, into a new participation investment account as under:-

(1)-The debt balance of an existing investment account as on Sept. 30, upto a maximum of Rs. 45,000, will constitute ICP's share of funds for the new participation investment account.

(2)-Account holders' proportionate share of funds for the participation investment account will be determined as 2/3 of ICP's funds, subject to a maximum of Rs. 30,000.

(3)- Subject to their availability in the existing investment account, only such shares as may be approved by ICP will be transferred to the new participation investment account at market value as at Sept. 30, subject to a total of Rs. 75,000.

(4)- Any left-over, being the excess of debt balance over Rs. 45,000 or shares and securities in excess of those required to be transferred to the new participation account will be retained in the existing investment account of the holder.

(5)- A credit balance of shares left-over in an existing account will be transferred to a new non-participation investment account (PIA), to be opened for the concerned account holder on Oct 1, to represent his exclusive assets on which ICP has no claim.

Account holder can either maintain that account with ICP on a non-participation basis (where no credit facility of ICP will be available to the holder and only service charges

and management charges will have to be paid or the holder can withdraw his shares and balance at any time convenient to him.

(6)- If as a result of conversion, a debt balance persists in the account of a holder, he will be required to repay the same through deposit of cash or through sale of shares immediately.

However, after Oct. 25, ICP will unilaterally dispose of securities from the investment account of the holder to adjust its loan and proceed against the account holder legally for the balance if any.

During such time the debt balance and/or shares which remain in the account of holder, will continue to attract management, service and such other charges as may be decided by ICP.

All account holders have been asked by ICP to give confirmation or otherwise for the conversion of their existing account into the new participation investment account and/or non-participation investment latest by tomorrow. Otherwise ICP will proceed with the conversion process.

ICP will inform account holders about the converted or non-converted status of their accounts by 30.-PPI

## PAKISTAN

### BRIEFS

**COPPER DEPOSITS FOUND**--Quetta, Sept. 24--More copper deposits have been found at Dalbandin area of Chagai district. The Adviser to Provincial Governor, Raja Ahmed Khan, said here the extent of these deposits were being determined. He said according to preliminary reports copper resources in the Dalbandin area were rich. He said these deposits were not very far off from Saindak area of Chagai district where the Resources Development Corporation had estimated copper deposits at 11.95 lakh metric tonnes valued at 1.5 billion dollars.--APP [Text] [Islamabad THE MUSLIM in English 25 Sep 80 p 6]

**SUGARCANE CROP**--The area under sugarcane crop for the year 1980-81 has been placed at 826,200 hectares in the first estimate released by the Federal Ministry of Food and Agriculture. The first estimate shows an increase of 15 percent over last year's final estimate of 718,500 hectares. Provincial break-up: Punjab 602,100 hectares this year, 501,400 hectares finally estimated last year, i.e. 1979-80. Sind 131,000 hectares (129,900 hectares last year); NWFP 93,000 hectares (87,100 hectares in 1979-80); and Baluchistan 100 hectares.--PPI [Text] [Karachi DAWN in English 26 Sep 80 p 8]

CSO: 4420

## QUANTUM LEAP IN IMPORTANCE OF U.S. MILITARY BASES

Kuala Lumpur BUSINESS TIMES in English 13 Sep 80 p 6

[Article by William J. Holstein at Subic Bay Naval Base]

[Text]

TWO US military bases in the Philippines have taken a quantum leap in their strategic importance.

Subic Bay Naval Base has become one of the main staging grounds for US naval task forces that have been rotating in and out of the Indian Ocean since the Soviet invasion of Afghanistan.

Both Subic and nearby Clark Air Base also find themselves staring across the South China Sea toward Cam Ranh Bay in Vietnam, which the Soviets are rapidly transforming into a major air and naval facility.

The latest sign of that buildup is the arrival in the South China Sea of the 32,000-ton Soviet aircraft carrier Minsk, which reportedly put in at Cam Ranh Bay for refueling.

"The bases have taken a big jump in significance because we have a semi-permanent commitment to the Indian Ocean without these bases."

The stepped up Soviet presence in Vietnam also has made the importance of the bases "increasingly clear" to South-East Asian governments, the official said.

The bases, both on the main Philippine island of Luzon just north of Manila, account for keen US interest in the nation's stability and any threats to President Ferdinand Marcos, who marks the eighth anniversary of his

declaration of martial law on Sept. 21.

The United States is paying US\$100 million in economic and military aid over a five-year period for the right to maintain the bases. No further negotiations are scheduled until 1983 and US officials are confident there are no immediate threats to Mr Marcos or the bases.

Subic, which is much bigger than Clark, boasts of being the largest naval supply depot in the world with a stock of 180,000 different items ranging from sea rations to 5-inch barrels. It handles one million barrels of oil each month.

Its three floating dry docks can accommodate any ship in the US navy except for aircraft carriers, which must go to Yokosuka, Japan if they have to be pulled out of the water for repairs.

When the aircraft carrier Midway was damaged recently in a collision in Philippine waters, it headed toward Subic. Technicians flew out to meet the vessel 24 hours from port to begin inspecting the damage. When the carrier docked, work began immediately and the ship was ready to steam back into the South China sea within 10 days.

In an era when naval guns and missiles lock onto satellites to get a fix on their targets, the presence of highly trained experts on fluid mechanics and metal stress at Subic

saves US ships from having to sail 4,000 miles to Pearl Harbour or 7,000 miles to San Diego for difficult repairs.

Subic also is a self-contained "little America," as some sailors call it, because it offers golf courses and bowling alleys, generates its own electricity and even provides a boy scout camp for sons of 6,250 military and civilian personnel based there. In addition to Americans living on the base, an average of 9,000 sailors are in port on any given day.

"We're the biggest between Hawaii and Africa," said Lt. Commander Frederic Leeder, the base's briefing officer.

The US strategy for keeping two US carrier task forces in the Indian Ocean at all times calls for the 7th Fleet in the Western Pacific to dispatch ships to the Indian Ocean via the Malacca Straits and for the Atlantic fleet to send vessels around the Cape of Good Hope.

Although the United States has just signed military agreements with Kenya, Somalia and Oman to use facilities in those countries, their ports are not yet geared up.

As things stand, the only US naval logistics facility between the southern tip of Africa and Subic Bay is Diego Garcia, a tiny island in the Indian Ocean.

The 36 US ships currently operating in the Indian Ocean and Arabian Sea can obtain some supplies from Diego Garcia, but the tiny island is little more than a forward supply base and depends on Subic and Clark for materiel.

Closer to home, the Soviet access to Cam Ranh Bay, 800 miles away, already has resulted in an increase in Soviet air and naval activity in South-East Asia and is expected to spur further expansions of that presence.

The Soviet use of Cam Ranh Bay represents a major strategic breakthrough for Moscow because previously it lacked any naval bases between Vladivostok and South Yemen. Cam Ranh Bay provides a convenient resupply point, as well as a base for operations in South-East Asia.

"They (the Soviets) are just hours from territory of countries they've never been close to before," Lt. Commander Leeder said. "It's a completely different ballgame."

"There's going to be a greater concentration of forces in this area," he said, pointing to a map of the South China Sea. "Look how close they (the bases) are together. That doesn't necessarily mean there is going to be a faceoff, but one look at the map shows you why Subic is important." — UPI

## INDUSTRIALIZATION CREATING SOCIAL TENSIONS

Kuala Lumpur BUSINESS TIMES in English 3 Sep 80 p 6

[Article by Elsa Jurado]

[Text]

INDUSTRIALISATION should normally be associated with an improvement in the standard of living of workers and poor people because it implies a steady increase in society's output. It should thus also suggest an enhancement of workers' and poor people's ability to adjust to the various requirements of society. On the contrary, it is often connected with hardships and deprivation for workers, with alienation between workers and management, and with displacement of rural people from their communities in order to give way to various industrial facilities and projects.

Social tensions have emerged in the Philippines as the country embarks on a programme of industrialisation.

Data from the sugar industry, the garments and electronics industries where transnational corporations predominate, the "informal sector" and from rural communities, on production, employment, prices, wages and incomes at the national level in the period 1966-1978 cast light on the changes that have taken place in the livelihood of Filipino workers in the course of the country's industrialisation efforts.

Gross national product increase by an average annual rate of 5 per cent, from 1966 to 1972, jumping from 41.24 billion pesos to 55.52 billion pesos based on the 1972 price index, and by an average annual rate of 6.5 per cent in the next six-year period 1972-78, rising to 82.47 billion pesos.

At the same time, however, open unemployment stood at a more or less constant 5 per cent of the labour force during the whole 12-year period.

Underemployment, caused in part by the seasonality of much of rural and agricultural activity and in part by changes in demand, expressed in full unemployment has been estimated roughly at 20 per cent in 1971, placing total unemployment at about 25 per cent of the labour force in that year.

There is little reason to believe that the total unemployment figures are significantly lower at the present time.

Prices in the meanwhile have not remained constant. The consumer price index in Metropolitan Manila went up from 66.4 in 1966 to 100 in 1972 and 210 in 1978.

Understandably this upward movement of prices has seriously eroded the purchasing power of wages. From 114.9 and 104.8 index

points in 1966, the real wage of skilled and unskilled workers in Metropolitan Manila went down to 100.0 in 1972 and plunged to an estimated all-time low of 70.0 and 66.0 respectively, in 1978. Expressed differently, this is saying that the 6.00 pesos minimum daily wage of 1966 fell in real value to an approximate average of only 3.60 pesos in 1978.

There are more families living in sub-poverty levels today than in the beginning of the present decade. In 1971 some 56.9 per cent of Filipino families were below the poverty threshold; in 1975, a full 68.0 per cent were below it in Metropolitan Manila and urban centres outside of Metropolitan Manila as well as in the rural areas. Poverty was worst outside of Metropolitan Manila.

What important national political and economic policies were in effect during the 12-year period? Policies that started in 1962 were pushed through with greater vigour up to 1972 and with even greater energy after that, with the placement of the country under martial law in 1972. Basically these policies were aimed at improving the efficiency of local industries by exposing

them to international competition, expanding foreign exchange earnings and augmenting domestic capital with foreign capital. After 1972 (and martial law) employment promotion, export generalisation and attracting foreign investments were added.

The policies, however, carried with them differential impacts upon the various sectors of society. Policies relative to investors, in general, provided for highly favourable incentives: accelerated depreciation, tax exemptions or holidays, loan carry-over, etc. On the other hand, policies pertaining to labour were at best ambiguous.

First and foremost, there was the prohibition of rallies, demonstrations and strikes by workers; secondly, there was the manifest lukewarmness of the government to help workers recover the losses in their real wage by adjusting wages to adequate levels for instance; and, thirdly, there was the predictable use by government of its police powers upon workers who act in concert or attempt to act in concert in negotiating with management.

At the same time, however, there was the series of measures adopted in



1974 with the intention of strengthening the position of workers; the consolidation of labour's rights in the Labour Code, the promulgation of minimum wages higher than in the past for household helps, and the broadening of privileges under social security (medicare, pensions and the like). There was also the increase of the minimum wage from 8.00 pesos to 10.00 pesos, and more recently, the promulgation of a 60-peso a month living allowance for workers receiving monthly salaries of less than 600.00 pesos per month, and the provision of a 13th month bonus. All these slowed down the decline of workers' real wages but did not stop their fall, much less raised them to where they were, say, in 1969 when real wages were highest.

Studies on the sugar industry are in consensus about the grinding poverty of sugar workers and the vast wealth of the planters and mill owners. Plantation labourers or *sacadas* live in extreme destitution while sugar planters and millers live in sumptuous luxury.

The Jesuit Priest, Frank Lynch, found that sugar cane workers in Negros occidental were among the most poorly educated people in the Philippines. Their diets were extremely deficient, consisting mainly of carbohydrates and almost no protein, and their wages were extremely low. Workers were victimised by the *cabo* or labour contractors who pocketed most of the contract fees.

With the termination of the sugar boom in 1976, the conditions of the sugar workers took a turn for the worse. In 1977, the Department of Labour estimated that sugar farm labour was already reduced by 39.5 per cent.

Underemployment became widespread. To provide employment sugar haciendas rotated the labourers and reduced working days from 6 to 3 days a week on the average.

Slowly, sugar plantations are being mechanised, displacing workers. Displaced workers are being driven to neighbouring towns and to Manila searching for jobs and other sources of livelihood.

The number of Transnational Corporations (TNCs) and TNCs with tie-ups with Philippine nationals has increased tremendously since 1970.

Since 1972, the economic and political environment in the Philippines has become progressively congenial to TNCs. Today, TNCs are in the manufacturing, mining, commerce, transportation and services sectors of the Philippine economy.

Generally speaking, TNCs treat their workers better than Filipino-owned firms. They pay higher wages and provide more fringe benefits. Consequently TNC workers register higher job satisfaction than workers in Filipino-owned firms. Also, TNC workers are more highly unionised. About 62 per cent of the TNCs have labour unions.

Sources of tension between workers and management can be discerned in the very attitudes and policies of management. For instance, Mamoru Tada, a Japanese political scientist, in his study of Japanese resident investors found the Japanese perceiving their Filipino partners to be treating the corporation as their private property and workers as personal servants. From the Japanese investor's point of view, Filipino management lacked con-

cern for the welfare of workers and tended to create company unions counter-productive acts of omission and commission. On the other hand, the same Japanese perceived labour as an easily replaceable commodity because it was abundant and cheap, but deplored labour's lack of skills and non-concern about quality of products.

There were about a thousand garment establishments in the Philippines employing some 300,200 workers in 1978. Of these firms, 180 were in Metro Manila and dozen were in the Export Processing Zone in Bataan. Of the total workforce about 200,000 were employed in Metro Manila firms and Bataan, leaving some 300,200 in rural based cottage industries.

While Metro Manila and Bataan workers were paid mostly on a daily wage basis, most of their rural counterparts were paid by piece work. The effective compensation of piece workers was generally lower than that of the daily wage worker. Also, rural piece workers were often used by TNCs to undermine the bargaining position of daily wage workers. Should the latter demand higher wages, management shifted production to the rural piece workers. Furthermore, rural piece workers served as buffer during periods of high demand. While to the daily wage workers the companies had some obligations, to the piece workers they had none.

And rural piece labour was also cheaper. A piece worker has to produce three dozen pairs of gloves to earn 10.50 pesos a day. Since only workers that pass quality standards were paid in full, this means the piece worker must really produce more than three dozen pairs a day.

With respect to daily wage workers, management applied the quota system to them.

Daily wage workers complained that the quotas were so high that they could hardly meet them without working overtime. A factory worker with 17 years of service was paid only 11.85 pesos a day as of March 1978.

To further depress wages, some companies extended the apprenticeship period to more than six months during which trainees were paid only 6.00 pesos a day with no emergency allowance. The net result of all these was that Filipino workers did not earn enough to meet subsistence requirements. With prices of consumer goods increasing, workers were able to afford only poorer diets, substandard housing, and inadequate clothing.

Workers in the electronic industry were not any better off than those in the garments industry. Worse, because of the uncertainty of the foreign markets for electronic products, employment was very uncertain. Workers were subjected to periodic mass lay-offs whenever the market slumped, as in the recession of 1974-75. In 1977, one electronic firm closed down, putting some 700 workers out of a job.

The electronics industry favoured single women, of ages 18 to 25. The reasons were that they worked better, did overtime work readily when needed; they were alert, docile and less apt to make trouble for management. Also, they needed no maternity leave.

As in the garment industry, wage rates were low. On the average, daily wage earners were paid from 11.00 to 13.00 pesos a day. To economise on wages and allowances, electronic companies resorted to practices like prolonging the apprenticeship and probationary periods during which the workers were paid respectively, 8.00 pesos without allowances and 10.00 plus an allowance. Third World Media

NEW ATTEMPT TO SOLVE MNLF PROBLEM PLANNED

Kuala Lumpur BUSINESS TIMES in English 2 Sep 80 p 6

[Article by Jeremy Toye in Manila]

[Text]

THE Philippine government is to make a new attempt to resolve the nagging problem of Muslim secessionism in its southern provinces when it sends a team to Jakarta this week to talk with rebel leaders.

President Ferdinand Marcos announced that a six-man team drawn from two regional assemblies in the southern Philippines would meet representatives of the Moro National Liberation Front (MNLF) in the Indonesian capital on Sept. 5 and 6.

The MNLF has waged an eight-year struggle for secession in the name of the Muslim population which is concentrated in the south of the predominantly Christian Philippines.

Successive campaigns by the Philippine armed forces and a steady stream of defections from some factions of the MNLF have led to a considerable scaling down of the conflict since the mid-seventies, when some 50,000 casualties were reported and as many as 100,000 people fled to the neighbouring Sabah.

But an agreement with the MNLF on greater autonomy for the south and a ceasefire, worked out with Libyan leader Muammar Gaddafi in late 1976, has not put an end to the conflict. It continues to sap lives and livelihoods in several

areas of the rugged and underdeveloped south.

The Islamic Conference Organisation, which had a hand in arranging earlier negotiations, revived the initiative early this year, when its secretary-general, Habib Chatti, visited Manila.

President Marcos, whose wife Imelda was the key figure in the 1976 pact with Colonel Gaddafi, agreed to further meetings with the MNLF, although he stressed recently that there should be no preconditions and minimum publicity.

His government has maintained that it has stuck to the Tripoli agreements on the ceasefire and on the awarding of autonomy to a region which for centuries resisted control from the non-Muslim north, as well as from Spanish and American colonists.

"I am optimistic about this forthcoming conference," Mr Marcos said. "We can show we have established two autonomous regional governments according to the Tripoli agreement of 1976."

Yet leaders of the two administrations set up in the south last year do not deny that they have gone only a short way towards providing any autonomy from Manila. Critics such as Cesar Climaco, opposition mayor in the southern city of Zam-



branga, dismiss them as being "as useless as an appendix to a human body."

The regional assemblies and executive councils which have very limited powers, have had places reserved for the NNI.F and others have been filled by rebels who, in the government's phrase, have decided to "return to the fold of the law."

Among such people — who deny that they have surrendered — is Amelli Malaquish alias "Commander Ronnie," who has become a key figure in the government campaign to absorb former rebels into Mr Marcos' "new society."

Commander Ronnie will be going to Jakarta, but he belonged to a different faction from the one which the government labels the hardline element.

This faction is led by Nur Misuari, who is now based in the Middle East but who is reported to be expected in Jakarta for the talks.

Mr Misuari's faction is regularly blamed by the military for the sporadic ambushes and kidnappings which still affect

the south.

Yet Rear Admiral Romulo Espaldon, armed forces commander in the south, predicted last week that peace would soon come to the main island of Mindanao and the islands stretching out to the southwest towards Indonesia.

"The end of the tunnel seems to be in sight and in time we shall have complete peace," he said.

He told a meeting of the American Chamber of Commerce in Manila that the MNLF had been suffering "considerable, almost irreparable reverses, particularly in terms of the decimation among its rank and file."

Admiral Espaldon, who is also commissioner for Islamic affairs, also talks of winning "the hearts and minds" of the southern Muslims, who have had long standing grievances about being considered second-class citizens to the increasing numbers of Christians in the region.

He has stressed economic development in the south, but many of his critics contend that the presence of such large

numbers of military men in the region — between one quarter and one third of the entire armed forces — has exacerbated the problems of the Muslims.

Allegations of military abuses have been made frequently, although Admiral Espaldon said recently that discipline had been tightened.

Whatever the outcome of the latest round of talks with the MNLF, there is no real chance of the government side making concessions on the broad issue of secession.

The President said: "The sovereignty of the Philippines is not in question during the forthcoming conference. We will not be negotiating with a belligerent state but with a group of Filipino rebels. This is an entirely internal matter."

The issue of external financial and moral support for the MNLF is almost certain to be raised by the government side, with Admiral Espaldon recently endorsing the remarks of a former British ambassador to the Philippines that the Libyans and, to a lesser extent,

the Malaysians had given financial support to the eight-year-old struggle.

With the Philippines facing economic problems and continued criticism of President Marcos' eight years of martial law rule, the government would clearly be keen to settle the southern question if a workable solution presents itself.

But Mr Marcos has already warned that whether or not the conference succeeds, "the MNLF will last most, if not all of its members, whether they like it or not."

One intriguing side issue remains to be resolved. Mr Marcos' arch political rival, Benigno Aquino, who is now in the United States, met Mr Misuari recently in the Syrian capital, Damascus.

He promised to send the tapes of his conversation to Mr Marcos but there has been no indication so far of whether those tapes have had any influence on government thinking about what has become a relatively low key but nevertheless continually nagging problem in the south. — Reuter

## OBJECTIONS TO PROPOSED EDUCATION ACT

Kuala Lumpur BUSINESS TIMES in English 8 Sep 80 p 6

[Article by Paul Teamina in Manila]

[Text]

A SERIES of student demonstrations protesting against increased tuition fees, petroleum price hikes and a proposed Education Act has prompted what some observers call an "over-reaction" by the military to legitimate student grievances.

Some observers also worry about the consequences of street demonstrations to the normalisation process — or the eventual lifting — of martial law.

In the past few weeks, 11 student leaders including the editor of the respected student paper of the University of the Philippines, *UP Collegian*, have been taken into military custody.

Students of at least six other universities in Metro Manila have boycotted classes on and off since mid-July. Military and school authorities estimate that 17 out of 52 colleges and universities are affected by student activism. One newspaper reported that at least 60,000 students from the University of the Philippines (UP), University of the East (UE) and Adamson University took to the streets last July 22.

President Marcos, referring to the demonstrations, said: "If there is continued disorder, we don't lift martial law. That's for sure."

Some military authorities claim that 134 communist-backed front organisations have been set up in schools all over the country. Defence Minister, Mr Juan Ponce Enrile, debunked this, basing his denial on regular intelligence reports submitted to him.

"There is no evidence at all, and they haven't even pinpointed which organisations are fronts," insists Mr J.V. Bautista, *UP Collegian* associate editor. "We don't even know why our editor Bobby Coloma has been arrested."

"The recent military actions have radicalised many conservative sectors of the UP faculty. They see students hit with truncheons over legitimate issues like university autonomy," sociology Prof. Randolph David told *Depthnews*. He is director of UP's Third World Studies Centre and has been with students in their march to the National Assembly.

Prof. David insists it would be a mistake to call the present student movement "ideological". Most of these students are fresh out of high school.

Students have recently clamoured for internal reforms, complaining of poor facilities, harassment from security guards and the increas-

ing "militarisation of school campuses."

Some issues are purely local. UE students, for instance, complain they have to shell out P50 (about US\$7) as payment for an Asian Development Bank loan their school acquired for new buildings and facilities.

Some issues transcend universities, like the new increases in petroleum prices and tuition fees. Last Aug 1, the Ministry of Education and Culture (MEC) allowed 38 more Metro Manila schools to raise tuition by 10 per cent. This brought to 183 the number of schools allowed to increase tuition.

In the heart of the matter is the proposed Education Act of 1980 which opponents claim has been rushed through the National Assembly without public hearings. The proposed Bill has already passed second reading.

Earlier, MEC Minister and former UP president, Mr O.D. Cropus, who introduced the Bill, dismissed the student protests saying "we can't make decisions based on ignorance." He claims the proposed Bill, among others, will promote the right of school personnel to join unions and that schools may offer new subjects without prior MEC approval.

The UP University Council — composed of

its president down to associate professors who determine UP's curriculum — has come up with its own side and even an alternative Bill. Among their complaints about the Bill:

■ National Education Plan — Under the Bill, the MEC shall "formulate general education objectives and policies and adopt long-range educational plans and an annual national education plan... promulgate rules and regulations necessary for the administration, supervision and regulation of the educational system."

Critics insist this is giving the MEC and its head "blanket authority to determine the academic and technical courses to be instituted, to direct so many number of students to be enrolled in what courses in what educational institutions."

"This power can convert universities into human export processing zones, factories for the training of people in exploitable and exportable skills tied to the needs of the market."

UP Arts and Sciences dean, Mr Francisco Nemenzo, says this must not be so, for the university still "reserves the right to question the development plan."

■ Personnel — This will subject government

schools to civil service laws (the UP and other State colleges today operate under independent and separate charters. Critics claim this will further erode academic freedom.

For instance, some UP professors are without undergraduate degrees like noted writers Mr N.V.M. Gonzales, Mr A.M. Guerrero, etc. who taught for a time at the State university. Civil service regulations also subject government employees to a security clearance from the National Intelligence Security Agency.

■ **Income** — The Bill assures schools they can retain income from tuition and other services (canteens, etc.) provided they are subject to MEC rules. Critics complain this will "subvert institutional freedom."

The UP faculty members, particularly, are irked over what they say has been the erosion of UP's financial independence, citing memos from the Ministry of Budget in the past two months demanding that UP's income be part of the general fund.

■ **Rights of Teachers** — The Bill puts the right of teachers on what and how to teach "subject to the judgement of the institution's duly established academic bodies."

The University Council feels teachers might be subject to approval or disapproval by persons not necessarily knowledgeable. Even in so-called exact sciences, it was pointed out, experts disagree and more so in the broader social sciences.

In addition, a teacher is also obliged to "participate as an agent of constructive social change in his school" which critics compare to making a teacher "adjunct propagandist of those who may dictate the direction of the country's national policies."

■ **Right of Students** — Critics claim the proposed Bill enumerates "obvious rights which need not be mentioned: the right to choose their own field of study, right to guidance and counselling, right to fast issuance of diplomas and transcripts, etc."

They say that while the right to publish student papers is included, the rights to have student councils, protection from harm (say, military harassment) and to petition schools on grievances, are not mentioned.

Prof. David says that certain provisions in the Bill for private schools are more generous, especially to owners out for a profit, thus "there is little criticism from them." Under the Bill, the gov-

ernment shall give private schools scholarships, grants and loans provided that their programmes meet defined educational requirements and contribute to national development goals.

Says Prof. David: "I suspect the Bill was rushed because it is needed for a World Bank loan. The WB will certainly ask whether the government has the machinery to implement its educational programmes."

The proposed Bill has already undergone amendments in some parts following protests. Public hearings have also been called by the National Assembly. — Depthnews

## LABOR FEELS WAGE ADJUSTMENTS ARE INADEQUATE

Kuala Lumpur BUSINESS TIMES in English 9 Sep 80 p 6

[Article by Manolo B. Jara in Manila]

[Text]

FILIPINO workers, claiming to be the lowest paid in the Pacific Basin countries, are unhappy with their new 3-peso (US\$0.45) wage increase.

They are clamouring for more to make both ends meet. And the clamour has been so intense that President Marcos went on prime time nationwide radio-TV Press conference on Aug. 21 to explain the increase.

He justified the increase as the "most prudent, liberal and considerate" to both labour and management. Mr Marcos issued a presidential decree on Aug. 19 ordering an immediate pay hike broken down into 1-peso (US\$0.15) increase in the minimum daily wage and another 2 pesos (US\$0.30) in the mandatory living allowance.

As a result, the new daily minimum wage now stands at a little less than 30 pesos (US\$4). The increase applies only to the private sector, however. Government employees are covered by a separate presidential order giving them a monthly 100-peso (US\$15) cost of living allowance.

According to Mr Marcos, the government was guided by three factors in establishing the new wage adjustments. First, that the new increase will enable workers to cope with new price increases.

Second, that industry can absorb the increase, "without adding to inflationary measures or disrupting production." Third, that the country can maintain a high employment rate.

Notwithstanding presidential assurances, the wage dispute has tended to fuel resentment in both labour and management.

The workers' battlecry is, "We want more." But managements claim the new pay hike is reasonable enough. Managements also want the government to freeze further wage increases for the next two years, claiming that they cannot afford them without affecting their business viability.

Labour leader Democrito Mendoza has, however, disputed management's contentions. Mr Mendoza, president of the Trade Union Congress of the Philippines (TUCP), has submitted a

paper seeking a reconsideration of the new wage adjustments.

The TUCP paper claims the increase falls short of the requirements of a living wage. It says it takes 33 pesos (US\$4.50) daily to provide for food for a family of six, citing statistics from the Ministry of Labour and Employment.

Besides, the Philippines already has the lowest labour wages in the Pacific Basin countries and that increases in its labour cost have been far slower than in any of these nations, the paper adds.

Compounding the situation have been the increases in prices of basic commodities and bus fares that came with the new wage hike. There were rampant complaints of over-pricing of some basic goods in Metro Manila, causing the President to issue the warning that profiteers would be dealt with severely.

The Filipino workers' complaints have also been analysed and documented in a study made available to DepEdnews. The study was undertaken by Edberto

Villegas, a Third World Studies fellow in the government-owned University of the Philippines.

Dr Villegas contends that the Philippine Labour Code of 1974 is not the Magna Carta of Filipino industrial workers that it is reputed to be. Instead, he says, the code makes the workers "subservient to the interest of the major owners of the means of production in the country, mostly multinational firms."

The Villegas paper says the code has stripped workers of one of their rights because of the strike ban imposed on "vital industries." The ban aims to preserve industrial peace and encourage foreign investments.

"Vital industry has such vague borderline characteristics that in actual practice any line of business could be considered a vital industry at the discretion of the Minister of Labour," he says.

Trying to be fair, the code also prohibits lockouts by management. However, the paper notes, "management has been resorting to preventive suspension allowed in the code which bars an employee from working if there is a pending case against him. The worker, on his part, has no equally potent weapon in his confrontation with management."

Dr Villegas also criticises the tripartite

conferences embodied in the code to resolve wage disputes. The conference involves government, labour and management representatives.

"The much vaunted tripartite conferences have come to be taken by some labour federations as merely serving to officially stamp government and management's agreed-upon amount of wages to be given to the workers."

"Supposed" labour representatives also participate "simply to give a semblance that the results of the conferences carry the consent of the working class," he says.

President Marcos has, however, abolished the tripartite conferences effective Aug. 26. Instead, he formed a National Wage Council to tackle wage disputes.

Dr Villegas says: "The code purports to give social justice and equity to the Filipino worker in a status which his labour enriches more and more his exploiter and ever keeps him in bondage to capital."

"The creators of the code are thereby like those prison wardens of bygone ages who render to the slaves a mere pittance of food to make the latter go on living so that they may yet pull the galleys of the kings. And do not these prison keepers of yore also say to the slaves: Be proud, for your efforts participate in the building of the kingdom?" — *Depthnews*

FOREIGN INVESTMENT INFLOW REPORTED

Manila PHILIPPINES DAILY EXPRESS in English 1 Oct 80 p 10

[Article by George T. Nerves]

[Text]

LOCAL enterprises attracted a total of \$144.76 million in direct foreign investments during the first eight months this year, according to Central Bank data made public yesterday.

The CB said that last month alone, direct investments amounted to \$21.04 million, a slight improvement from the \$15.32 million reported during the same month in 1979.

On the other hand however, a total of \$143.53-million worth of long term capital flowed out of the country from January to August 1980.

The foreign capital outflow represented capital for direct investment abroad and withdrawal of foreign investment from the country.

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THE CB data showed that during the period \$92.01-million worth of long-term capital was withdrawn from local investments. This compares to the \$32.19 million that flowed out for the same reason last year.

The CB likewise said that \$41.52-million worth of capital funds flowed out of the country to be invested directly in enterprises abroad. This was an increase of \$14.48 million compared to the \$27.04 million reported in August 1979.

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FROM January to August 1980, the CB said that a total of \$1.56-billion worth of short-term capital entered the country. This compared to only \$456.21 million during the same period last year.

However, a total of \$1.24 billion in short-term capital flowed out of the country during the same period.

This resulted in a net short-term capital inflow of \$328.40 million.

The CB added that long-term capital inflow during the period amounted to \$771.30 million, while \$596.21 million left the country. The net long-term capital inflow from January to August 1980 amounted to \$175.09 million. -



## INTENSIVE SEARCH FOR ALTERNATIVE ENERGY SOURCES

Kuala Lumpur BUSINESS TIMES in English 12 Sep 80 p 6

[Article by Jeremy Tovey in Manila]

[Text]

**THE** Philippine government has embarked on an ambitious crash programme to develop alternative sources of energy and reduce its continued dependence on ever more costly imported oil.

With this year's bill for oil imports likely to reach US\$2.7 billion, or over US\$1.1 billion up on last year, President Ferdinand Marcos ordered the existing 10-year energy development programme compressed into five years.

The result is a US\$9.3 billion scheme for 1981-85 which ranges from the more conventional alternatives for power, such as nuclear, coal, and water, through the less common geothermal and petroleum-substitute resources to the almost untapped potential of sun and wind.

The envisaged energy projects will place further strain on an economic structure which already draws some criticism for its reliance on heavy borrowing, and there is no doubt that other development programmes will have to take less of the national cake.

But President Marcos notes in his preface to the

energy plan that "we are in a siege situation in regard to energy. Only a concerted national effort will see us through."

He notes that the 10-year plan worked out last year was itself criticised for being over-ambitious, but says that "from my vantage point, even if the original programme were realised, success will have come too late. The only recourse is to compress the programme."

Energy Ministry officials acknowledge that some elements of the 10-year programme, in particular the projected production from the Philippines' own oil wells, has been scaled down, but other aspects, especially geothermal exploration and production, have been intensified beyond the original targets for 1985.

Energy Minister Geronimo Velasco says the programme has two main thrusts, conservation and the development of alternative fuels.

On the conservation side, he points to figures which show that oil consumption in the Philippines has dipped by 2.4

per cent in the first seven months of the year compared to the same period of 1979, but accepts that this is a worldwide trend.

Even with a new programme launched this month to use alcohol produced from locally-grown sugar as an additive to petrol, Mr Velasco agrees that providing alternative fuels for vehicles is a difficult and long-term task.

Although the programme commits the government to an acceleration of efforts to find more indigenous sources of crude oil, the target figure for 1985 is now set at 18.25 million barrels compared to the old plan's 34 million for the same year.

With a new field, Cadiao, coming on stream next April, domestic production next year is projected at 7.3 million barrels, or just under 10 per cent of total oil demand. The rest must be imported.

Mr Velasco said the Philippines had achieved a "very high success ratio" in its off-shore drilling, "and I don't think we can continue that."

Production from the Nido oilfield, off the southwestern island of Palawan, has already had to be cut back, and as the Minister says, "How can you project our luck?"

With such limited alternatives available to fuel the country's growing number of vehicles, "the thrust of the whole thing is toward power generation," Mr Velasco says.

Key centres such as Manila are already short of power in the form of electricity, with cuts — or "brown-outs" as they are known here — a regular feature of life.

The country is also committed to a programme of establishing heavy industries, which in the case of a planned aluminium smelter, will place a major drain on electricity supplies.

Mr Velasco says the alternative sources of energy available to the Philippines are more suited to power production than straight fuel.

In the early Seventies, the government decided to embark on a nuclear programme, but con-



struction of the first plant on the Bataan peninsula west of Manila has been plagued by delays and soaring costs.

The Minister gave the latest projected cost as US\$1.9 billion, up from US\$1.2 billion in 1974, adding that more than a year's holdup in the construction schedule caused by the nuclear accident at Three Mile Island in Pennsylvania should be over soon.

The extra safety features to be built into the 620-megawatt plant have been the subject of heated debate between the government and the US contractors, Westinghouse Electric, and Mr Velasco permitted himself a wry smile when asked if other nuclear plants were planned.

"There's only one in the programme," he said, with obvious relief.

The government has stepped up plans to exploit the country's coal reserves, to produce some 2.31 million tonnes by 1985. But it is also projecting actual use of coal at more than twice that figure, requiring major importation.

The Energy Ministry argues that replacing oil imports by coal imports makes sense because it still works out at a lower cost. Cement factories are already being told to convert from oil to coal.

Even so, coal production figures for 1985 have been cut back under the new programme.

Not so geothermal power, which is set to be the real growth area.

The Philippines already ranks number two behind the United States as a user of the geothermal power contained beneath the ground in several areas of the country.

The programme calls for the drilling of almost 400 wells in areas of geothermal activity, and "at the present success ratio, drilling in these areas should establish a cumulative steam availability of 3,480 megawatts."

Considering that the entire current production of electricity for the Philippines is put at 4,482 megawatts, geothermal potential is clearly enormous, although officials emphasise that actual production by 1985 is reckoned to be 1,726 megawatts.

Geothermal power is set to rank alongside hydroelectric power five years from now, with the latter also destined for a big jump.

With a host of unconventional sources making up 3.5 per cent of the total power output by that time, the aim is to cut dependence on oil from the present rate of 88 per cent to 54.94 per cent in five years.

Mr Velasco acknowledges that all programmes look good on paper, and that some of the targets will probably not be met in full, but he cites the government's record as the basis for his Ministry's projections.

The Minister described the programme as "a crash five-year crusade," and links it to the government's political commitment to provide every home in the country with electricity.

With less than a third of the homes having electric power at the moment, "we still have a long way to go," he says — and the same could well apply to his Ministry's ambitious schemes. — Reuter

# GOVERNMENT SEEKS OTHER SOURCES OF OIL

Manila PHILIPPINES DAILY EXPRESS in English 1 Oct 80 pp 1, 2

[Text]

**THE GOVERNMENT** is looking for other sources of oil other than those in the Middle East and undertaking measures to meet possible oil cutback due to the raging conflict in the Middle East.

This was disclosed yesterday by President Marcos in an interview with newsmen after receiving the credentials of the first non-resident envoy of Venezuela and the new non-resident ambassador of Greece to the Philippines.

While expressing confidence that the country will be able to maintain its present oil reserve at 120 days, the President said that preliminary steps had to be effected in the event the Iraq-Iran conflict worsens.

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**THE PRESIDENT** said that the steps being taken by the government include:

- The sending out of teams to locate oil sources other than those in the Middle East

- The acceleration of oil production in the Palawan oil fields in Nido, Culiao, Matinloc and Pandan

- The acceleration of the coal conversion program for cement and thermal plants from one to two a year

The President also told newsmen that gas rationing will only be resorted to if the country's oil reserves is reduced to 60 days.

He explained that the registration of motor vehicles in barangays for possible gas rationing is only a standby plan just in case the oil crunch gets worst.

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**THE PHILIPPINES** has paid about \$1.1 billion for crude oil import during the last eight months, according to the Central Bank. This oil payment accounted for 26 percent of the country's total import payments amounting to \$4.21 billion, it said.

In the same period last year, the Philippines' oil bill amounted to only \$746.83 million or 21 percent of the total foreign exchange outflow of \$3.5 billion.

This \$1.1-billion oil payment as of last August was 50 percent of the

projected \$2.1 billion oil bill by the end of 1980.

This projection was based on the new prices imposed by the Organization of Petroleum Exporting Countries.

At present, the country's oil consumption amounts to 250,000 barrels daily, 85 percent of which are imported from Iraq, Saudi Arabia, Kuwait, Malaysia, Indonesia and China.

\* \* \*

IN JAKARTA, Indonesia said it would be willing to help other members of the Association of South East Asian Nations (ASEAN) in need of oil should they suffer a shortage, Indonesian Mining Minister Subroto said last night.

He told newsmen in Bali, where ASEAN energy ministers were meeting for the first time to discuss energy cooperation, that Indonesia's oil production in fact had been made available for exports which had been fixed in advance with certain countries.

CSO: 4220

## LEE: HAVE TO GET OUT OF PETROCHEMICAL INDUSTRY

## Unwise Move

Kuala Lumpur BUSINESS TIMES in English 9 Sep 80 p 20

[Text]

NEW DELHI, Sept. 8

SINGAPORE Prime Minister Lee Kuan Yew said today that Singapore may have been unwise to get into the petrochemical industry and "we have to get out of it."

Mr Lee told a Press conference at the end of the five-day regional Asian and Pacific Commonwealth conference that in 1978 Japan identified 13 critical industries, including petrochemicals.

"Lower wage countries and high oil prices were squeezing the Japanese from world markets in these industries," Mr Lee said. So they cut down on the industries and transported them to South Korea, Taiwan and Singapore.

"We have entered the petro-chemical industry as a consequence. But looking ahead in the 1990s I am wondering whether we were wise, because we will be squeezed by the middle or end of the 90s," Mr Lee said.

He said the advantage for petro-chemicals would go to oil-producing nations like Malaysia and Indonesia. "We have to get out of it," he added.

Singapore Trade and Industry Minister Goh

Chok Thong called on Indian Commerce Minister Pranab Mukherjee for discussions on how Indo-Singapore trade could be increased and diversified, officials said.

Mr Mukherjee pointed out that India generally had a trade balance deficit with Singapore and its share of total Singapore imports was less than one per cent.

India's exports to Singapore during 1978-79 were provisionally estimated at \$97 million whereas imports from Singapore were estimated at \$108 million.

The Singapore minister said that in this connection his government would welcome a visit to Singapore by an Indian business delegation to explore the possibilities of increasing Indian exports and cooperation in other fields of trade and industry.

Mr Mukherjee said India would welcome a similar sales mission from Singapore.

The question of joint ventures was also discussed and it was noted that there were six Indo-Singapore joint ventures in production in the island state and five in various stages of implementation. — Reuter

## Project to Proceed

Kuala Lumpur BUSINESS TIMES in English 10 Sep 80 p 1

[Text]

SINGAPORE government officials today confirmed that a giant petrochemical project would proceed as scheduled although Prime Minister Lee Kuan Yew has cast doubts about its long-term viability.

Senior officials of the Economic Development Board (EDB), responsible for the promotion and coordination of all industrial investments in Singapore, stressed that the project, estimated to cost \$32 billion, remained one of the island state's high priority industries.

But they could not clarify the statement by Mr Lee in New Delhi yesterday that Singapore might have been unwise to enter the petrochemical industry and that it should ultimately find a way out.

Mr Lee did not meet the Press on his arrival here at midnight last night after attending a Commonwealth regional summit conference in the Indian capital.

But Singapore Foreign Minister Supplah Dhanabalan, who was with the Prime Minister, told reporters that Mr Lee's statement did not imply that Singapore

was having second thoughts about the project, a joint venture between Singapore and Japan.

The Singapore government has undertaken to invest a 50 per cent share in the petrochemical complex and a group of Japanese firms, led by Sumitomo Chemical Company, will provide the rest of the capital.

The joint venture, designed as a "national project" of both Japan and Singapore, is expected to be completed by the middle of 1982 with six main subsidiary companies, officials here said.

The ground breaking ceremony of the huge complex on the off-shore island of Pulau Ayer Merbau was held in July and EDB officials said that construction work had started on the main plant.

According to the officials, the petrochemical complex had been envisaged as a cornerstone of Singapore's new industrial structure. They denied that there had been any radical departure from this thinking.

In fact, it was Prime

Minister Lee who visited Japan in May last year to promote the project and to help persuade the Japanese government to extend soft loans to Sumitomo. Japan's overseas economic cooperation fund had subsequently agreed to take up 30 per cent of the Japanese share in the project.

Mr Lee told a Press conference in New Delhi yesterday that the cost of raw materials in the 1990s would be so prohibitive that the comparative advantage for petrochemicals would go to the oil producing countries like Indonesia and Malaysia.

He expressed fear that Singapore's petrochemical industry could face a market squeeze by the middle or end of the next decade and added: "We have to get out of it."

The EDB officials said, however, that Mr Lee's statement did not indicate that the government was planning to move the planned petrochemical project to any of the oil-producing neighbouring territories.

Commenting on Mr Lee's statement, Mr Dhanabalan explained:

SINGAPORE, Sept. 9

"It should not be taken out of context. He (Mr Lee) was enunciating a broad principle to emphasise that countries cannot ignore certain trends if they want to avoid ending up with industries which are not competitive."

The Singapore government has already spent \$321 million in developing Pulau Ayer Merbau. This included levelling and filling its coral reefs with sand dredged from the seabed for a modern 123-hectare (303 acre) site suitable for the vast petrochemical industry.

Described as the biggest in South-East Asia, the petrochemical plant will run at only 70 per cent capacity in the initial stages.

Present plans envisage a 300,000-ton annual capacity ethylene plant and six other subsidiary factories.

Two downstream companies have announced firm plans to invest \$3450 million in the complex.

Officials said that oil refineries here could easily provide all the feedstock — naphtha and gas oil — required for the main ethylene plant. —  
Reuter

## DEVELOPMENT PATTERNED ON SOUTHEAST ASIAN MODEL

Kuala Lumpur BUSINESS TIMES in English 5 Sep 80 p 6

[Article by Philip Bowring]

[Text]

THREE years ago Sri Lanka was free-wheeling gently down a road signposted "Burma." The ultimate destination seemed to be a gentle tolerant, literate egalitarian rural slumdom. Then, with the entry of the United National Party government of President Jayawardene, a 180-degree turn was executed and Sri Lanka now finds itself pedalling furiously uphill towards a neon sign marked "Malaysia."

Driving into Colombo from Katunayaka airport, adjacent to the nation's first investment promotion zone, the visitor is reminded of, say, Penang a decade ago. Large clearings are emerging among the coconut groves to accommodate the free trade zone factories. Shiny new yellow earthmovers, contrasting with the decrepit state of most motor vehicles, gouge out new roads. Hastily assembled signboards proclaim this and that garment factory. And fresh faced billboards advertise the consumer wares that the eventual reward of the factories, jobs and investment incentives. The view from the airport road is not of course typical but it is illustrative of the new attitude.

The comparison with South-East Asia is apt too because Sri Lanka is quite deliberately trying to follow the course of its neighbours to the east.

President Jayawardene's admiration for Singapore is well known. More apposite may be the Malaysian comparison. Malaysia has concentrated government spending on winning greater output and productivity from the rural sector, while encouraging private and foreign investment into export manufacture as a way of diversifying the economy and absorbing labour.

The Colombo government has consciously moved to a South-East Asian development model, trying to throw off the mix of bureaucratic socialism and non-revolutionary Marxism, characteristic of the Indian subcontinent.

The magnitude of the government's economic ambitions befits both the resource potential of the nation and its current rundown condition. Unfortunately there is a missing link: capital. The government is trying to do three things at once:

■ Repair and revitalise the economic infrastructure which has been decaying due to in-

adequate maintenance and reinvestment. The crumbling facades of buildings and ancient machinery on the roads, which are so noticeable to the visitor, are, in fact, typical and they result from years of putting consumption first.

■ Carry out a programme even more unusual for Sri Lanka — heavy investment in very long gestation projects whose economic returns will not be felt within the life of the presidential or parliamentary term. The main one is the Mahaweli Scheme aimed at achieving self-sufficiency in grains, settling the landless, and reducing dependence on imported energy.

■ Release supposedly pent-up entrepreneurial talents and encouraging foreign investment to achieve a broader and more efficient manufacturing sector able to absorb labour, earn foreign exchange and — perhaps most important of all — supply at moderate cost the consumer items which the populace is encouraged to see as the reward of toil.

To achieve these three goals simultaneously would be a tall order, at the best of times. These are not the best of times.

An open, export-ori-

ented specialised economy is probably still a valid strategy for a small compact nation with an educated labour force and enjoying comparative advantage in several fields. But this is a very difficult moment, even when starting from a tiny base, to attract business when there are so many other free trade zones around the world. Overall development ambitions will inevitably be set back by the double blow in terms of trade deterioration resulting from oil price shock and recession.

An even bigger challenge than external conditions may be to change attitudes away from the welfare orientation of the past, which has stressed equality and the state's responsibility for providing basic needs, towards a society willing to tolerate, even encourage, greater accumulation of wealth, greater income disparity and a preference for goods over state services.

So far, the response seems to have been enthusiastic. There is around the country a clear sense of change and impetus, a feeling that the nation could be going places. Government successes in local and by-elections have been remarkable in a nation

which never gives a ruling party a second chance, and even more remarkable given the high rate of inflation.

But the government cannot run forever on the spring fever induced by economic liberalisation, and paid for largely by foreign aid. Sceptics ask, too, whether the Sri Lankan middle class has the entrepreneurial drive even approximating to that of the overseas Chinese who have been a key element in South-East Asian progress.

The government can claim credit for reducing divisions in the country by alleviating some of the problems of the Tamil minority. The Tamil issue remains a highly visible one, but it is not a major impediment to development. A much more fundamental problem persists — caste. Though not as pervasive as in India, it is serious block to social mobility and individual enterprise.

The about-turn in economic policy has been accompanied by changes in the style and manner of government. There is no doubt that President Jayawardene has a clear vision of what he wants to do, a real but realistic belief in the benefits of economic liberalism.

He has shown a willingness to be tough, whether in the abolishing of food subsidies or using emergency powers to blunt the recently ended general strike attempt by government unions affiliated to opposition parties.

The President also wants to leave a mark on history. Critics accuse him of "monumentalism." There are suggestions of this in projects for a new capital and huge housing and urban development projects which are not very appropriate uses for

very scarce resources and have perhaps damaged attempts to raise foreign funds for other enterprises. Even Mahaweli has not escaped this criticism.

From a strict economic viewpoint there could well be better ways of spending Rs 20 billion. But a scheme of this sort gives government and people a sense of purpose and destiny that a lot of little schemes could not do. From a political viewpoint, the government can stand the economic sacrifices necessary for Mahaweli only if it can show the people the physical reality.

The President will also want to go down in history for his constitutional changes which, if all goes well, should reduce the probability that existing policies will outlive the current Parliament.

The new presidential system is largely modelled on the Gaullist Fifth Republic Constitution in France — itself a so far little tested model. It gives the President substantial executive power, and partially separates the executive and legislature. They face elections at different times. The President has certainly been an effective executive but this may owe more to his personality and the size of the UNP majority in Parliament than the presidency itself.

More important could be changes in the electoral system. A preferential vote system will apply for the presidential elections and a form of proportional representation to the parliamentary ones. The effect in theory, should be to reduce massive swings and give

a little more say to minorities. Hitherto, Sri Lanka's winner-take-all Westminster system has meant huge changes in representation, resulting from relatively small voting shifts.

The change will mean an end to the huge majorities which have allowed the ruling party or coalition to change the constitution at will — as the UNP has done.

It remains to be seen what differences the major constitutional changes will make to the strength and stability of government. One thing, though, is for sure. So long as democracy survives there will be electoral pressure for tangible results.

Foreign countries which either like the new policies, or at least see in the new dynamism a chance that at least one country of the subcontinent can reach economic take-off while preserving democratic institutions, should now be prepared to give Sri Lanka the fullest possible financial backing.

Given the increased super-power rivalry in the Indian Ocean, the West, Japan, Australasia, Asean and the conservative Arab states, should all be able to see the benefits of helping Sri Lanka to prosper and thus preserve a liberal economy and democratic political system.

Meanwhile, whatever happens in the longer term, there is opportunity in the private sector for making money now. "Let the robber barons come" proclaimed President Jayawardene, appealing for anything to create jobs and wealth. He meant it. — FT



AMBASSADOR TO SOUTH AFRICA DISCUSSES ECONOMIC LINKS

OW061435 Taipei CNA in English 1403 GMT 6 Aug 80

[Text] Johannesburg, Aug. 6 (CNA)--Ambassador H.K. Yang told a gathering of Chinese and South African industry leaders here Tuesday evening that the Republic of China and South Africa need not be afraid of the diplomatic difficulties facing them as long as the two nations can forge strong trade and economic links between them.

He made the remarks as a special guest at a dinner given by Charles Skeen, chairman of the South African Foreign Trade Organization, at the Johannesburg Country Club in honor of a seven-member investment mission from Taiwan.

Ambassador Yang expressed the hope that the visit of the Chinese mission will be the first step leading to closer economic cooperation between the two countries.

The Chinese mission has been visiting South Africa since July 21, seeking opportunities to invest in local mining industries. Members of the group have made extensive discussions with South African industry leaders over the feasibility of setting up joint ventures between the two sides to explore and produce aluminum, manganese, iron, copper, lead and zinc in South Africa.

No conclusion has been reached at this stage, but it has been learned that aluminum and manganese are the two most likely areas for cooperation.

Alusa, a major aluminum company in South Africa, has agreed in principle to supply 25,000 tons of aluminum to meet the growing needs of the Republic of China beginning in 1983 when a new plant joins production.

The mission will continue discussions with executives of Gold Field, South Africa and Black Mountain as well as officials of the South African Department of Industry and the Minerals Bureau before concluding their visit on Aug. 12.

CSO: 4220

ECONOMIC TIES WITH DOMINICAN REPUBLIC DISCUSSED AT MEETING

OWO61428 Taipei CNA in English 1359 GMT 6 Aug 80

[Text] Taipei, Aug 6 (CNA)--A Sino-Dominican economic and technical cooperation conference was held Wednesday in Taipei.

The Dominican delegation to the conference was led by Ramon Martinez Aponte, minister of technology of the Dominican presidential office.

Addressing the meeting, Chinese Economic Minister Chang Kwang-shih and Martinez unanimously expressed the hope that the conference will be helpful in promoting Sino-Dominican cooperation and economic development in both countries.

An informed source said, in the meeting the Chinese delegation agreed to help the Dominican Republic:

1. Revive hog-raising on a large scale.
2. Promote fish culture and near-sea fishery.
3. Promote agricultural mechanization to increase the production of rice and sugar cane.
4. Improve irrigation and water drainage.
5. Set up small hydraulic power plants.
6. Improve the administration and operations of aviation facilities.

Members of the Dominican delegation are scheduled to visit various economic reconstruction projects in southern Taiwan Thursday.

The two delegations will continue their negotiations Friday, he added.

TRADE SURPLUS WITH FRG CONTINUES TO GROW

OW181055 Taipei CNA in English 1003 GMT 18 Aug 80

[Text] Taipei, Aug 18 (CNA)--The Republic of China's trade imbalance with West Germany will get worse before it gets better, top officials of a number of West German companies operating in Taipei claim.

The executives acknowledge, however, that local trade authorities have already taken some measures to narrow the trade surplus which has been in favor of ROC for the past four years. The ROC suffered two years of deficits, totaling US dollars 220 million in the recession years of 1974 and 1975, with West Germany, but in the past four years has accumulated a total surplus of US dollars 460 million.

Since the nation's exports to West Germany have been brisk this year while imports from that country have been increasing only steadily, the 1980 surplus is expected to hit a record high.

During the first half of the year, the ROC exported US dollars 534 million worth of goods to West Germany and imported US dollars 358 million from that country, leaving a surplus of US dollars 176 million.

The surplus was not only much higher than the US dollars 32 million registered in the same period of 1979, but also surpassed the record 12-month surplus of US dollars 161 million in 1978.

Even though certain measures initiated to redress the trade imbalance may take effect in the coming months, observers still predict that the surplus for the whole year could reach US dollars 250 million.

The widening trade gap has aroused the concern of West German exporters who have been trying to carve out a bigger share of the Taiwan market. West Germany accounted for 3.7 percent of the ROC's imports in the first half of the year, compared with Japan's 28 percent and the United States' 24 percent.

CSO: 4220

TRADERS URGED TO DIVERSIFY ON JAPANESE MARKET

OW030337 Taipei CNA in English 0241 GMT 5 Sep 80

[Text] Taipei, Sept. 5 (CNA)--Local exporters are urged to diversify the variety of export items to Japan to boost export and help narrow the trade gap.

Trade source said that the 10 leading Japanese trading firms in the first half of this year purchased US dollars 200,711,000 agricultural and industrial products from the Republic of China. The amount represented only 43.6 percent of the target set for this year.

The Japanese importers are expected to import US dollar 460 million of products from the Republic of China in 1980.

Among the export items to Japan, agricultural products and processed agricultural products continued to lead the list, totaling US dollars 89,745,000 or 44.71 percent of the Republic of China's total export to Japan during the period, the source said.

Textiles exports to Japan during the January-June period amounted to US dollars 46,451,000, constituting 23.14 percent of the total export to Japan, followed by chemicals US dollars 28,397,000 or 14.14 percent, and electrical machinery US dollars 11,848,000 or 5 percent, the source said.

The source said that exports of electrical machinery to Japan in the first six months of this year showed drastic decrease as compared with the amount of US dollars 78 million of same period of last year.

The Republic of China is facing increasing competition in the Japanese market, the source said, since most of the items exported to Japan were products of labor-intensive industries. Labor cost in this nation has been comparatively higher than most other developing countries.

With a depreciation of Japanese yen, the trade gap between the two countries in Japan's favor is expected to become even more serious a problem, the source said.

In order to narrow the trade difference, local manufacturers and exporters are urged to diversify variety of export items and improve the quality.

PRESIDENT CHIANG CHING-KUO ON DROUGHT IN TAIWAN

06070129 Taipei International Service in English 0100 GMT 6 Aug 80

[Text] Taipei--President Chiang Ching-kuo Tuesday directed the authorities concerned to overcome the (?drought) problem which has seriously affected the public recently. [passage indistinct]

The president said: All authorities concerned should concentrate their efforts to overcome this problem. He said that the drought problem not only caused inconvenience to residents but also greatly affected those agricultural and industrial production. He said that farmers in southern Taiwan (?discovered) that they would not have the harvest as usual due to lack of rainfall.

Water supply has also become a problem in (?filling) reservoirs around Taiwan. The present drought has affected northern Taiwan, especially Taipei.

The president said: To assist the general public, the government should gather all power to systematically overcome the drought problem. The residents are also urged to conserve water to overcome this problem.

In addition, the president also directed leaders of the financial and economic authorities to do their best to promote domestic textile manufacturers to export their products. He also ordered them to assist the medium- and small-size enterprises in the development of their business operation. He said: The authorities concerned should carry out the housing project and help solve the housing problem of medium- and low-income families.

Due to the slow international economy, the local textile industry has been adversely affected and export of such products is in (?countermarch). Therefore, the government should try every effort to assist local textile manufacturers. However, manufacturers are also urged to adopt new technology, new facilities and raise their productivity level.

CSO: 4220

# ECONOMICS MINISTER DISCUSSES ENERGY CONSERVATION

OW081057 Taipei CNA in English 0940 GMT 8 Aug 80

[Text] Taipei, Aug. 8 (CNA)--Economic Minister Chang Kwang-shih Friday called on the nation to step up energy conservation to help tide over the energy crunch.

"One liter of oil saved is one more liter of oil produced. One kWh of electricity conserved is one more kWh of electricity generated," said Chang at a press conference as he reported on the government's energy-conservation measures.

He reported that these measures have started showing results. This is shown in the steady decline of the consumption growth rate for both oil and electric power, he said.

Domestic sales of oil products grew by 18.4 percent in 1978 and 11.8 percent in 1979. For the first half of this year, it increased only 4.8 percent.

Oil consumed for power generation rose by 4.6 percent in 1978, but decreased by 11.8 percent in 1979. For the first six months of 1980, the growth rate was minus 2.2 percent.

The same declining trend has developed in the consumption of electricity. Chang gave the following account.

Household consumption rose by 14.4 percent annually between 1970 and 1979. For the first half of this year, the growth rate was a mere 3.8 percent.

Consumption by commercial establishments increased at an annual average of 17.6 percent in the past 10 years, and the growth rate was reduced to 4.6 percent for the Jan-June period this year.

Industrial power consumption during the 1970's rose at an annual pace of 11.3 percent. In the first six months of this year, it rose by 7.6 percent.

At an energy conservation symposium held Thursday, Taiwan Power Company's board chairman L. C. Chen predicted that the world will be plagued by diminishing output of petroleum by the second half of the current decade.

Warning that a new source of energy able to replace petroleum will not be available until the next century, Chen said there is no time to be lost in eliminating wastefulness.

Li Ta-hai, president of the Chinese Petroleum Corp, expressed disappointment that oil consumption in the Republic of China increased by 1.2 percent last year, while it decreased in major industrial countries.

A high ranking official of the Council for Economic Planning and Development said household consumption in Taiwan was responsible for the increase of energy importation.

He said airconditioners in Taiwan have been increasing at an annual rate of 42 percent, color TV sets 46 percent, and autos (not including imported ones) 24 percent for the past six years.

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## BRIEFS

COAL, MARBLE DEPOSITS--Taipei, 7 Jul--Coal deposits in the Taiwan area are estimated at about 200 million metric tons, according to a survey by the Department of Minerals of the Technology Research Institute. The survey report also showed that coal production in the past years totaled 52 million tons. The report said that marble deposits in the Taiwan area are estimated at 100 billion metric tons, of which 750 metric tons had been explored. The institute has worked out some minerals exploration plans to boost the production. [Text] [Taipei CNA in English 1330 GMT 7 Jul 80 OW]

SHIPBUILDING PLAN--Taipei, 8 Aug (CNA)--The Council for Economic Planning and Development has recently made a review of the second-phase shipbuilding plan under the six-year economic plan. It was tentatively scheduled that a total of 40 vessels will be built under the second-phase project, but the government has received applications for the construction of 68 vessels. The government has decided to approve the construction of 18 bulk carriers, 10 deep-sea container vessels, 11 coastal container vessels, and one 210,000-ton oil tanker for the Chinese Petroleum Corp. and two other oil tankers each of tonnage of 39,000 tons and 7,000 tons. [Text] [OW092347 Taipei CNA in English 0232 GMT 8 Aug 80 OW]

TRADE FAIR IN JAPAN--Taipei, 8 Aug (CNA)--A Chinese trade fair has been successfully held in Kagoshima, Japan, July 9-Aug. 14. During the period of the Chinese trade fair, some articles worth 21 million Japanese yen have been sold and many orders have been received. The trade fair was jointly sponsored by the General Chamber of Commerce of R.O.C. and seven other commercial organizations with some 100 trade companies participating. [Text] [OW092347 Taipei CNA in English 0230 GMT 8 Aug 80 OW]

FISHERY MISSION TO AUSTRALIA--A fishery mission from Kaohsiung of southern Taiwan left for Australia to meet with their counterparts to discuss another term of fishing cooperation. Sino-Australian fishing cooperation first began in November last year and the agreement is to expire on 30 October this year. Both parties agreed to continue the accord for

another term. (Ching Kung Fu), chairman of the Kaohsiung Fishing Boats Association led the mission to take part in the 2-day meeting which is scheduled for 12, 13 August. It was learned that the two sides will discuss the feasibility of expanding fishing zones for Chinese fishing vessels during the meeting. Other topics to be discussed will include quota of fishing boats and quantity of fish catch for vessels from the Republic of China. Last year the Australian Government approved 90 fishing vessels from the ROC to fish in Australian waters and the annual fish catch allowance was 34,500 metric tons. [OW101347 Taipei International Service in English 0100 GMT 10 Aug 80 OW]

TRADE WITH JAPAN--Taipei, 13 Aug--Two-way trade in agricultural and marine products between the Republic of China and Japan in 1979 amounted to U.S. dollar 911.1 million, an increase of 17.4 percent over the previous year, according to statistics released by the Japanese authorities. The statistics showed that of the total amount, agricultural products totaled U.S. dollar 427.8 million, marine food U.S. dollar 368.2 million, and timber U.S. dollar 115.1 million. Export items from Japan to the Republic of China included milk powder, hog leather, pears, vegetable seeds, animal feeds, timber, fishes, and fish powder. The Republic of China exported large volume of pork, bananas, beans, tomatoes, salted ginger, canned bamboo shoots, eels, shrimps, and other marine food to Japan. [Text] [OW141441 Taipei CNA in English 0254 GMT 13 Aug 80 OW]

NUCLEAR POWER DEVELOPMENT--Taipei, 12 Aug--The Taiwan Power Co. has decided to accelerate the second stage nuclear power development project, aimed at boosting the power generation capacity and reducing the reliance on imported crude oil, an official of the government enterprise said. Under the second stage nuclear power development project, a total of 12 generator units will be installed with a combined installed capacity of 14 million kilowatts. The official said that under the first stage project, four nuclear power plants will be set up with eight generator units. Six generator units have been installed and Taipower will soon begin the construction of the fourth nuclear power plant, the official added. [Text] [OW141441 Taipei CNA in English 0313 GMT 12 Aug 80 OW]

THERMAL POWER PLANT--Tunghsiao, Central Taiwan, 15 Aug (CNA)--The Taiwan Power Co.'s first polyphase thermal power generator underwent a successful test run Thursday at the state-owned firm's Tunghsiao plant, now under the first-stage construction. The Tunghsiao plant, which will be constructed in 2 stages by the end of next year, is expected to add 900,000 kilowatts in installed capacity to Taipower. According to Chow Fe-je, a high-ranking Taipower official in charge of the plant construction, the polyphase power generating device bases its theory on multiple use of extra-hot exhausted air in a chain effect through transformers, thus saving generating costs. In terms of power generation costs, the polyphase electromagnetic device is nearly as economical as nuclear power plants, Chow said, adding that with the completion of

the first-stage construction of the Tungshiao plant Taipower will have an additional 65,000 kilowatts generated by each of the 9 polyphase generators. To bolster power supply and promote energy diversification, Taipower is planning to increase its installed capacity to 28,965,000 kilowatts in 1991. [Text] [OW211209 Taipei CNA in English 0231 GMT 15 Aug 80 OW]

SINO-SOUTH AFRICAN ECONOMIC CONFERENCE--Taipei, 20 Aug (CNA)--The fourth Sino-South African economic and technological cooperation conference is scheduled to open here in early October, it was learned Tuesday. The first preparatory meeting of the conference, presided over by Minister Chang Kwang-shih of the Ministry of Economic Affairs, was held Tuesday afternoon. During the meeting, the execution of the last Sino-South African conference's resolution was reviewed and several proposals for the coming session discussed. Chinese proposals for cooperation in the industrial field, exchange of investment experiences and strengthening of Sino-South African trade and fishery cooperation will be made in the conference, it was learned. The exports of the Republic of China to South Africa totalled U.S. dollars 70.8 million during the January-July period of this year while the imports from that country was U.S. dollars 152.7 million. [OW211209 Taipei CNA in English 0248 GMT 20 Aug 80 OW]

FOREIGN TRADE TASK FORCE--Taipei, 22 Aug (CNA)--A special foreign trade task force was formally set up Thursday at the Ministry of Economic Affairs (MOEA) in accordance with a recent directive from the executive yuan that urged a strengthening of communications between commercial representatives stationed abroad and the coordination of overseas trade promotional activities. The special task force, which is headed by Vice Foreign Minister Fredrick F. Chien and Vice Economic Minister Wong Yi-ting, is composed of personnel from the MOEA, the Ministry of Foreign Affairs, China External Trade Development Council, Far East Trade Service Inc. and Central Trust of China. H.K. Shao, director general of the board of foreign trade, will be the executive secretary of the organization. The task force Thursday convened its first meeting to review the past performance of the nation's overseas institutions and map out plans for future operations. [Taipei CNA in English 0340 GMT 22 Aug 80 OW]

INCREASING TRADE DEFICIT--Taipei, 22 Aug (CNA)--Taiwan's foreign trade registered a US dlrs 103 million deficit in the first half of August, pushing the island's total trade deficit for the first seven and a half months to US dlrs 523 million, according to preliminary customs statistics. A US dlrs 792 million surplus was registered for the same period last year. The widening deficit is attributed mainly to the nation's soaring petroleum bill and the significant increase in machinery imports. In the first seven months, Taiwan's foreign trade deficit reached US dlrs 421 million. Two-way foreign trade totaled US dlrs 24.1 billion by Aug. 16, 31.4 percent higher than the same period last year. [Taipei CNA in English 0315 GMT 22 Aug 80 OW]

AIRBUS PURCHASE FROM FRANCE--Taipei, 22 Aug (AFP)--Taiwan has quietly concluded the long-delayed purchase deal with France for four European airbuses costing US dollar 140 million, it was reliably learned here today. Nationalist Chinese sources here would neither confirm nor deny the transaction, the first known biggest single one between Taiwan and France, but informed sources said it was concluded early last week in Taipei. The Nationalist Chinese flag carrier China Airlines (CAL) signed a draft agreement for four airbus A-300 at the cost of US dollar 35 million each with four more optional with the European consortium Airbus Industries two years ago in July 1978. The deal immediately prompted sour reactions from the United States as CAL's aircraft fleet [words indistinct] the Boeing products. The Americans accused France of selling the airbuses in exchange for the permission for CAL to extend its flight to Paris. But Andre Viview, president of the French National Assembly Commission of Finance, Economy and Planning, contended while on a visit to Taipei in February that the granting of landing rights in the two capitals hinged on whether Air France and CAL would find economic justifications. [OW251023 Hong Kong AFP in English 0832 GMT 22 Aug 80 OW]

CHAMBERS OF COMMERCE CONFEDERATION--Taipei, 5 Sep (CNA)--The Republic of China will actively participate in activities of the Confederation of Asian Chambers of Commerce and Industry (CACCI), the Commission of International Affairs of the Chinese National Association of Industry and Commerce said Friday. The main purpose for the establishment of CACCI is to improve the business environment in the Asian-Australian region, to further strengthen trade ties among Asian nations, to promote development of joint ventures and to better services in shipping, banking, and insurance in the region, the commission added. CACCI was set up in 1966 with the Republic of China one of its founding members. The federation has decided to choose Taipei as their permanent address, the commission revealed. Member nations of the federation include India, Japan, South Korea, Nepal, Australia, New Zealand, the Philippines, and the Republic of China. The eighth conference of the organization is scheduled to open Nov. 26 in Seoul, Korea. [Text] [OW070522 Taipei CNA in English 1400 GMT 5 Sep 80 OW]

PETROCHEMICAL SUBSIDIES FOR MANUFACTURERS--Taipei, 6 Sep (CNA)--Petrochemical subsidies to be drawn from a buffer fund the government will soon establish will apply retroactively to all purchases made by manufacturers since Sept. 1, Vice Economic Affairs Minister William Wei announced. Manufacturers will be able to draw on the fund when the prices they pay for the government-run Chinese Petroleum Corp.'s products are higher than a benchmark figure based on the rates offered by international suppliers. The fund is part of a package of measures to be taken by the government and industry representatives to help restore the competitiveness of local petrochemical producers in international markets. At a meeting held Thursday with all concerned parties, Wei also announced new proposals to help in marketing petrochemical products and making price adjustments. He expressed confidence that the

proposals would solve the current problems. [Text] [OW070522 Taipei CNA in English 0934 GMT 6 Sep 80 OW]

TRADE WITH PAKISTAN--Taipei, 8 Sep (CNA)--The Pakistan Chamber of Commerce and Industry reported Sunday that the nation will resume trade with the Republic of China after a lapse of 30 years. The Federal Ministry of Commerce has decided to allow Pakistani traders to import chemicals and other finished goods from Taiwan, it said. It said the Pakistan commercial office in Hong Kong will handle trade transactions with Taiwan. The two nations do not have diplomatic or commercial relations. Israel and South Africa are now the only two other countries with whom Pakistan has neither diplomatic nor trade relations. [Text] [OW091043 Taipei CNA in English 0946 GMT 8 Sep 80 OW]

ECONOMIC GROWTH IN 1979--Taipei, 8 Sep (CNA)--The Republic of China's real economic growth in 1979, the fourth year in the 6-year economic plan, was 8.1 percent, as compared with the target of 8.5 percent, according to a report of the Council for Economic Planning and Development. The report said that the nation's gross national product (GNP) in 1979 amounted to NT dollars 1,164.5 billion, with the per capita GNP registering at NT dollars 67,283 (US dollars 1,869). The report noted that the industrial production in 1979 slowed down due to the international economic recession which had great impact on this nation's exporting industries. Overall industrial production in 1979 grew 7.5 percent, much lower than the projected 11.3 percent, the report said, adding that a breakdown showed: manufacturing industrial production up 7.8 percent, construction business up 6.7 percent, power and other service industries up 9.9 percent, and mining industry down 2.3 percent, as compared with the previous year. [Text] [OW091043 Taipei CNA in English 0235 GMT 8 Sep 80 OW]

CHINESE CHARACTERS' STANDARDIZATION--Taipei, 9 Sep (CNA)--The Ministry of Education has decided to appoint a commission to study standardization of Chinese characters. The commission is to come up with 18,000 standardized Chinese characters by 10 October this year. The commission is to be made up with Chinese philologists from local universities, the Institute of History and Philology of Academia Sinica, the Mandarin Promotion Committee of the Ministry of Education, and an expert on simplified Chinese characters now in use on the China mainland. These experts will produce the standardized ways of writing Chinese characters, simplified ways of writing, and different but acceptable ways of writing of 18,000 characters. [Text] [OW091043 Taipei CNA in English 0934 GMT 9 Sep 80 OW]

STEEL PLANT PRODUCTION INCREASE--Taipei, 9 Sep (CNA)--When the second-phase construction work for the China Steel Corporation's first stage expansion project is completed in June 1982, the company will be able to produce 500,000 metric tons of cold rolled steel plate annually, an official of the state-run enterprise said Tuesday. He said a big automobile-manufacturing plant with an annual production capacity of



200,000 cars will be set up in the Republic of China in approximately 3 years. The China Steel Corporation will be able to supply all the steel plate needed by the auto plant, because its annual demand for the product will amount to only 80,000 tons, accounting for a small portion of his company's steel production. However, he said, the establishment of the big auto plant will boost the demand of other related industries for steel plate. He said his company will be able to produce 1,400,000 tons of various kinds of hot rolled steel plate and cold rolled steel plate by June 1982. The construction work for the company's cold rolled steel plant is proceeding smoothly. All major equipment for the plant is supplied by Wean United Inc. of the United States, he said. The plant will undergo a test run at the end of 1981 and become operational in June 1982. [Text] [Taipei CNA in English 1356 GMT 9 Sep 80 OW]

ELECTRIC AUTO PLANT--Taipei, 11 Sep (CNA)--The world's first electric auto plant will be established in the Republic of China by the end of this year. The Tang Eng Iron Works Co. has already set up an office to prepare for the plant, which will have a capacity of 20,000 cars and buses a year when it is completed on 1 July 1983. The first batch of 10 electric autos will be produced this year. [Text] [Taipei CNA in English 0238 GMT 11 Sep 80 OW]

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